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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Reporter Describes Conditions in Khmer Rouge Zone

91SE03684 Bangkok KHAO PHISSET in Thai
12-18, 19-25 Aug 91

[Article in two installments by Aphichat Sutthiwong]

[12-18 Aug 91 pp 4-7]

[Excerpts] [passage omitted] Lung Rongsoi is a Mon soldier who deserted from the military. I met him while riding in a pickup truck that we had rented to take us from Bo Rai District into the foothills of the Banthat mountains. This 62-year-old man smiled and said that I was welcome to join him and his friends on the trip into the mountains. He and four-five Mon youths had just come from the mountains in order to buy supplies in Bo Rai. They were about to return to the gem mine at the "Nam Noi Canal" in the Khmer Rouge zone.

Lung Rongsoi had first gone to Pailin two years before. [passage omitted] Now, this elderly man is seeking his fortune in a dangerous area in order to use the money that he earns to support his family.

The pickup in which we were riding stopped at the base of the mountain. The Mon youths jumped out and loaded the supplies on their backs. This was the starting point for the trip on foot. I grew apprehensive when I was told that several hundred meters ahead, we would approach a Thai thahan phran irregular checkpoint. These black-clad forces are not very friendly toward journalists like me. They work closely with the Khmer Rouge and the gemstone miners along the border. Thus, there are many things that they want to "keep secret." They don't want people in the outside world to know these things.

Lung Rongsoi told me that I wouldn't have any problem getting past the checkpoint if I had a Thai ID card. But because they were Mons, they had to avoid the checkpoint by going through the jungle. He didn't know that I, too, had a reason for wanting to avoid the checkpoint, because I had a camera in my backpack. Such equipment is strictly prohibited based on thahan phran irregular and Khmer Rouge rules. Anyone found with a camera is charged with being a "spy" and, in accord with Khmer Rouge law, may be executed. For this reason, I went with Lung Rongsoi and his group. We followed a small trail through the jungle. After walking about 20 minutes, we reached the road again. By that time, the thahan phran irregular checkpoint was behind us.

"You must understand, if we had passed the checkpoint, we would have been arrested," said one of the Mon youths concerning why they had gone around the checkpoint. But this is true for others as well, including Karens, Lao, Burmese. If any of these people try to pass the checkpoint, they are subject to arrest. But actually,

they would each have had to pay 50 baht if the thahan phran irregulars had spotted them entering or leaving the area. That is the best compromise measure for foreigners who want to go there. [passage omitted]

As for the road that we were on, it would probably be more accurate to describe this as a "former road," because no vehicle could travel this road. Because of the terrible condition of this road, the only vehicles that could travel this road are tractors and large graders, which the people here call "macros."

It's said that this road is a strategic border road. It runs from Bo Rai District through "Ban Kabat" to "Ban San Chao" in the mountains, which is a watershed area and the final point before you reach the Cambodian border. Across the border inside Cambodia, this road continues to cross one mountain after another until it reaches the foothills on the other side. There the road forks in various directions. This area, which is a strategic area of the Khmer Rouge, is a gemstone mining area. The entire area is under the control of Cambodian guerrillas.

"This is the road that the Khmer Rouge use to transport weapons. If you come during the dry season, you will see Chinese-made trucks operating along this road," said a 37-year-old Thai gem merchant to me as we sat drinking together during my first evening there. He said that he had seen artillery shells and other weapons transported along this strategic road. Based on what he said, it cannot be denied that before the weapons reach this point, they had to have been transported through Thailand.

During the rainy season, there is a cease-fire agreement between the Khmer coalition and the Phnom Penh Government. Even though I did not have a chance to see Chinese trucks transporting weapons and supplies, I did see tractors, to which had been added steel tanks, transporting tanks of gasoline all along the road. When I asked some people about this, I was told that the gasoline had been transported from support sites in Bo Rai District. [passage omitted]

Our party, headed by Lung Rongsoi, continued onward. Finally, we reached Ban San Chao, which is the final point inside Thailand. Late that afternoon, in a very tired voice, Lung Rongsoi told me that I could spend the night there, because Ban San Chao has a hotel. I decided that I had traveled far enough for one day. I was too tired to go any farther.

Actually, a deeper reason was that just several hundred meters up the road from Ban San Chao was a major Khmer Rouge checkpoint. And there were other checkpoints at various places. I wasn't sure if they would find the camera in my backpack. If luck was against me, I could easily die right there. After careful consideration, I decided it would be best to stop here for the night. For these reasons, that night, I waved good-bye to Lung Rongsoi and the others and, with some apprehension, rented a cot in a mud hut that the miners called a "hotel."

[19-25 Aug 91 pp 54-58]

[Excerpt] [passage omitted] Ban San Chao is not a village but just a small border black market where food and other essentials are sold to the miners. Just a few meters beyond is a Khmer Rouge checkpoint where the Khmer Rouge collect transit taxes from people entering and leaving the area. The amount of the tax differs depending on the purpose of the traveler. But there are only a few types of people who travel to this area. If they aren't porters, miners, or owners of small shops, they are probably gemstones buyers, who have to pay a higher tax than other people. This is because their business earns more money.

But reporters are people who are not wanted in the area. After breakfast, I put on my backpack, in which I had concealed my camera, and got in line to pay the transit tax. I was with Prani, a 40-year-old Thai gemstone dealer. She had agreed to let me accompany her posing as a gemstone dealer. Prani told me that even though there are many checkpoints, they won't check you closely unless you look suspicious.

After I paid the tax, the official issued me a document. But I couldn't tell what it was, because it was written in the Cambodian language. Anyone with this document can show it to officials at other checkpoints deeper inside Cambodia. When they gave me this document, I hoped that it carried enough weight to forestall any more inspections.

The second checkpoint that we had to pass was at Ban Nam Noi. There, in addition to the huts occupied by the families of the Cambodian soldiers, I saw many war invalids walking along the road with the aid of crutches. Actually, this was not the only place that I saw war invalids. I saw such people all along the road. Prani told me that the area near the Thai border is a "safe zone" for discharged soldiers and soldiers returning from the front who want to rest and recuperate. The fact that many of these people had suffered leg and foot injuries indicates that they had stepped on a mine.

"There are more mines here than any other place in Cambodia," said Prani. She said that the reason why there are so many mines in this area is that both sides have planted mines in this area. When the Vietnamese and the government troops enter the area, they plant mines. And the Khmer Rouge has planted mines along the trails that they think the enemy will use. After awhile, no one knows who has planted which mines. But if you step on a mine, you may lose a leg.

The farther we went, the more difficult the trail became. The trail was filled with mud holes that were difficult to get out of if you stepped in one. Finally, we reached Ban Than Yuan that afternoon. I decided to walk through the mud barefoot and so I took off my shoes and carried them.

At Than Yuan, I saw some Khmer Rouge soldiers and strategic materials such as fuel. There were also some

trucks there. Prani, who was acquainted with one of the officers there, tried to find out if any of the trucks were going to travel deeper into Cambodia. The officer said that he was planning to take some gasoline and supplies into the interior and that we could ride along for 100 baht each. But after we started, their 4-wheel drive truck constantly became stuck in holes even though the wheels had chains. Thus, we traveled to Ba Mai Daeng pulled by a tractor.

While aboard the truck, I asked a soldier how much they collected in taxes. Sim, who was about 25 years old and who is attached to a guerrilla unit at Pa Mai Daeng, said that at the beginning of last year's dry season, Angkor [the Organization] collected 180 million baht a month. But this is the rainy season. The number of people have declined and so tax revenues have declined.

I could hardly believe the figure he mentioned. But after listening to what he had to say, what he said was probably correct. He explained that about 100 million baht a month is collected from those granted mining concessions. He was referring to the concessions granted to the gemstone miners. The price is 3,000 baht a square meter regardless of whether or not they find any gemstones.

We can easily calculate how much it would cost a miner who mined just three square meters a month. But think how much would be collected in fees if 10,000 miners owned concessions. (Actually, during the dry season, about 40,000 miners come to mine gemstones here.)

The Khmer Rouge derive enough profit from this area that they have to defend this area, which is plagued by malaria and filled with mines. The area is of such great value that Phnom Penh Government forces have to try to destroy the strategic base of their enemy.

Regardless of the value of the gemstones in Pailin, the guerrilla forces attach little importance to them. These people have been forbidden from mining gemstones or engaging in the gemstone business. The reason for this is that Angkor is afraid that if it allows its forces to engage in business activities, they will become concerned about their personal security rather than dedicating themselves to the revolution. However, one gemstone dealer said that many Khmer Rouge soldiers secretly buy and sell gemstones without Angkor's knowledge.

It is thought that this order will be rescinded in the near future, because if a permanent cease-fire agreement is reached, many guerrilla units will immediately be demobilized in order to reduce the burden on Angkor. These people will have to find a way to support themselves.

"I have been told that this will be the last month. From now on, we will have to make a living on our own," said Sim, who has a wife and a child to support. Once the fighting against the Vietnamese stops, he will be demobilized.

The four-wheel drive vehicle of the Khmer Rouge was pulled through the mud to Pa Mai Daeng. Late in the afternoon, Prani left me in order to go meet her son, who had had been here several days mining gems. After being left there alone among strangers, I felt ill at ease, but I tried to appear normal.

Pa Mae Daeng is a small village composed of lean-to shops and offices of Khmer Rouge special forces officials. Their duty is to maintain peace and order in the village. In addition to these temporary buildings, there were rows of bamboo huts and tents, where the gemstone dealers and miners lived. To the rear of the village was a large river. The surrounding area was where the miners worked. The general confusion, with people coming and going, made it difficult for me to decide where to begin.

"Farther on are the Phet mountains, where there are said to be large deposits of gemstones. But I have never gone there, because malaria is a serious problem there. Two people were carried back this morning. Pailin is about a half day's walk. But I haven't gone there either," said Si, a 50-year-old woman, whose response to my question was the same as that of other people. Si, who comes from Bo Rai, had come here to purchase gemstones in the hope of taking them back and selling them for a profit.

The first thing that I tried to do was to take some pictures. But it was difficult to avoid being noticed by the hundreds of Khmer Rouge soldiers walking about the area. I secretly went into a temporary latrine behind a hut. While taking some pictures there, I turned and was shocked to see someone watching me. Luckily, it was just a miner who had come to use the latrine. That was the first and only time that I had a chance to take a picture in Pa Mae Daeng.

Because that was all that I could do there, I went and chatted with Pa Si, an elderly woman whom I met. She said that everyone there is in dire straits. In addition to the dangers posed by malaria, mines, and artillery shells, everyone has to live under the "iron rule" of the Khmer Rouge.

There is a nightly curfew from 2100 hours to 0600 hours. During this time, the miners have to stay in their huts. They can drink during their off hours, but they cannot become rowdy or get into arguments. Anyone who violates the rules is severely punished.

Pa Si also said that a week before I arrived, a woman was arrested for prostitution. She was severely beaten with a long stick and then driven out of the mountains. Some friends helped take her down the mountain. Actually, I later learned that her first customer was a Khmer Rouge officer.

"At the beginning of last month, a man was shot and killed. His body was left floating in the river behind the village. The Khmer Rouge suspected him of being a spy," said Pa Si. She said that during the day, she saw them interrogating him. That night, that man was taken

to the river. A moment later, she heard a shot. The people there could only glance at each other knowingly.

I felt a sudden pang of fear when she finished telling me about that. She invited me to stay the night in her hut. This kindhearted woman said that her son's family was not there. They had just left to sell gemstones in Bo Rai. I thanked her and then went to eat dinner at a small shop. When I entered, the owner of the shop, a Mon woman from Sangkhaburi, cheerfully welcomed me to her "jungle restaurant." One pot of stew contained deer meat and another contained boar meat. She told me that she and her husband had been there for four months. Her husband mined gemstones while she operated the shop.

At dusk, the miners all returned from work. Some people from nearby huts invited me to join them. We drank Mae Khong whiskey straight, because there wasn't any water, and chatted quietly.

Aung Tin, a 27-year-old man from Moulmein, related his frightening experiences to me. He said that last year, two Mons had asked him to go into the jungle with them to buy gemstones at a remote mine. While traveling there, one of the two men grabbed him by the throat from behind. The other man, who was in front, suddenly turned around and stabbed him in the ribs with a knife. Aung Tin hit the man with the knife squarely in the chin. The man fell to the ground in a daze. After breaking free, he pulled the knife out of his body in order to deal with the other man. But he was too late. The other man had already fled.

"I started walking and finally met a Cambodian. I paid him 20,000 [baht] to take me to the hospital in Bo Rai," said Aung Tin, showing his wound. Several days later, I saw the two men who had attacked me and so I hurried to tell the Khmer Rouge soldiers. They told me that I would have to pay them 20,000 baht if I wanted to get revenge. But I refused."

A man named Suchat, who was about 30 years old, was another survivor who had mined for gemstones in the Phet mountains. But he was then working at Pa Mae Daeng. He said that during last year's dry season, there was a clash between Khmer Rouge forces and Phnom Penh Government forces, who were commanded by Vietnamese soldiers. The Khmer Rouge forces came under heavy artillery fire and had to withdraw. Many miners were killed in the fighting, but the majority managed to flee to safety.

"I and several others hid in a hole. But the Khmer Rouge soldiers all fled. Three days later, the government forces came and cleared the area. But when they learned that we were Thais, they let us go. But we had to bury the bodies of the Thais who had been killed. I have buried many people. Occasionally, I have found people dying of malaria lying in the jungle waiting to die. I have buried them in order to ease their suffering," said Suchat.

There was another fellow named Somchai who looked friendly but who remained quiet. After 2100 hours, I

invited him to sleep in the hut where I was staying. When we were alone, he told me many harrowing stories. He had been interrogated by the Khmer Rouge three times, because they suspected that he was a spy. Actually, he was just a former thahan phran irregular who hoped to make his fortune here.

Somchai, who was about 25 years old, told me that his former unit, together with a Khmer Rouge unit, had once

attacked a Vietnamese base. But they failed in their attempt to overrun the base.

"Our unit launched a combined attack with Khmer Rouge forces on a Vietnamese base in the middle of the night. The enemy had the advantage, because they had better cover than we did. Many of our soldiers were killed," said Somchai tensely. "Last year, I came here to buy some gemstones and by chance met a Khmer Rouge soldier who had been my buddy. Actually, I had forgotten him, but he recognized me". [passage omitted]

ECONOMIC

Minister Blames Industry for Electricity Thefts

91SE0375A Jakarta SUARA PEMBARUAN
in Indonesian 4 Sep 91 p 4

[Text] Jakarta, 4 Sep—Minister of Mining and Energy Ginanjar Kartasasmita says that the current losses of electric power during transmission and distribution are a result of theft, primarily in the industrial sector.

The minister therefore asks the help and cooperation of the Department of Industry and the industrial sector in stopping thefts in the PLN [State Electricity Enterprise] transmission and distribution network.

Ginanjar said this in his remarks on Tuesday [3 September] at the opening of the 1991 Energy Workshop at the Department of Industry. Junior Minister of Industry Tungki Ariwibowo was present at the opening ceremony.

The three-day workshop, which is being held by the Department of Industry in cooperation with the Indonesian National Committee of the World Energy Council (KNI-WEC) and the Japan External Trade Organization (JETRO), is being attended by 250 experts and representatives of industry and government agencies.

The minister of mining and energy went on to urge that these power losses caused by theft get special attention. The government's interest is in conservation of electric power and therefore wants to improve efficiency by dealing with the PLN distribution losses.

Ginanjar said the target is a reduction in power losses from 16.8 percent at the end of REPELITA [Five-Year Development Plan] IV to 14.8 percent at the end of REPELITA V. This loss reduction will improve the PLN's finances and will add electricity that can be used by industry and the public.

Industrial Sector

He said that if PLN transmission and distribution losses from theft can be kept down, network losses will be reduced even further. "We know that these losses are caused by large-scale thefts in the industrial sector. Therefore, we look for industry's help and cooperation in dealing with this problem," he stated.

At another point in his remarks, he said that demand for electric power has soared. Whereas demand rose by 17.2 percent in 1989-90, the increase in 1990-91 was 18.4 percent. Average growth in REPELITA V was projected to be 14 percent.

In REPELITA VI, it is estimated that an additional installed capacity of 11,000 MW [megawatts] will be needed. This increase in capacity will be the same as PLN's total installed capacity at the end of REPELITA V. He acknowledged that the PLN will find it hard to fulfill domestic electric power demand, particularly by

industry, although the big PLN projects now under construction will be in operation.

Therefore, he said, the government is giving opportunity for private sector participation by both domestic and foreign interests in the construction of electric power plants to serve the public.

Disturbing

He said that the recent national increase in energy consumption has disturbing aspects. In the first half of the 1980's, the increase in consumption of commercially supplied energy was kept down to an average of 5.2 percent, compared to a 13.3 percent increase in the 1970's. The increase in 1990 was expected to rise again to between 8 and 9 percent.

The consumption of BBM [oil fuels] rose about 14 percent in 1990. If BBM is not conserved, Ginanjar said, there is a good possibility that we will be a net importer of oil before the 21st century.

Electricity Crisis To Continue Until 1993

92SE0016A Jakarta KOMPAS in Indonesian 26 Sep 91
pp 1, 10

[Text] Jakarta (KOMPAS)—The Lampung and Medan areas are subjected to blackouts by turns as a result of the electricity crisis that has existed for the last two years. This crisis has occurred because of the rapid rise in demand for electric power, especially by the industrial sector, which has grown beyond the targets set for REPELITA V [Fifth Five-Year Development Plan]. Besides Lampung and Medan, five other electric power systems in Indonesia have suffered crises. They are the ones in Java, West Sumatra, South Kalimantan, East Kalimantan, and Bali.

A. Andoyo, director of electricity development programs in the Directorate General for Electricity and New Energy, presented this information on Monday [23 September] during the Electrotechnics '91 Seminar, held at the Manggala Wanabhakti Building. A PLN (State Electricity Enterprise) public relations spokesman also provided information.

The two-day seminar was sponsored by the Association of Electrical Engineering Students of the Student Senate at the University of Indonesia Technology Faculty. Other speakers featured in the seminar included Prof. Dr. S. Budhi Santoso (Sociology and Political Science Faculty of the University of Indonesia), Anggara Simanjuntak, MBA (Chamber of Commerce and Industry), Arnold Ph. Djiwatampu (Directorate General for Tourism, Post, and Telecommunications), and Kusudiarso Hadinoto (Indonesian Association of Electric Cable Manufacturers).

Andoyo told KOMPAS that systems in Java, South Sumatra, and North Sumatra are now at the stage of setting priorities for connections to industry. This work is being done by a team of evaluators from the PLN.

"For Lampung and Medan, a schedule has been drawn up for factories that should have been connected but which were postponed until construction of new power plants is completed," he said.

If there is no rain by the end of the year, the system in Java may have to be treated like the Lampung and Medan systems, the PLN public relations spokesman said. The PLN plans for a PLTA [hydroelectric power plant] output of 6.445 GWH (gigawatt hours), or 22 percent [as published]

Electricity Crisis

Based on PLN estimates, the electricity crisis in Java and South Kalimantan will last until November 1992; and in West Sumatra, Medan, and East Kalimantan, it will last only until May, July, and September 1992, respectively. It is expected that the crisis will end in Lampung in November 1991 and that in Bali it will last until December 1993 at the latest.

It was originally expected that electricity demand would increase by 14.5 to 15 percent annually during REPELITA V, but growth has now reached 18 to 20 percent. Java alone has had a growth of 17.5 percent. The PLN is therefore redoing its planning for electricity supply during REPELITA V.

Under the new plan, electric power generation will reach 4,720.2 MW (megawatts), or 127.7 percent of the original target. According to PLN data, total electric power realization as of 1991-1992 will be 1,230.8 MW, or just 33.29 percent of target.

To overcome this electricity crisis, the PLN has drawn up plans for power generation until the year 2003, particularly in Java. Several generating plants in Java are now being built or have been completed. These include Mrica PLTA Unit III in Central Java (61.5 MW), two units at Paiton PLTU [steam power plant] (800 MW), and Suralaya PLTU Unit IV (400 MW).

By 1994, several PLTP's (geothermal power plants) will be built in Java: the Salak PLTP in West Java (110 MW), the Drajat PLTP in West Java (110 MW), and the Dieng PLTP in East Java (55 MW). Two units of the Gresik PLTG (gas-fueled power plant) (900 MW) are also to be built, and the Muarakarang PLTG (450 MW) will be completed in 1993.

Editorial on Pitfalls of Offshore Loan Ceilings

91SE0375D Jakarta BISNIS INDONESIA
in Indonesian 5 Sep 91 p 6

[Unsigned editorial: "Now There Is a Foreign Credit Ceiling"]

[Text] The Package of 25 March 1989, which rescinded ceilings on foreign credits for banks and financial institutions, was only 17 months old when the government set up the Foreign Loan Management Coordination

Team—headed by Radius Prawiro, coordinating minister for economics, finance, industry, and development control—to regulate and limit offshore loans bureaucratically.

The thinking underlying the new policy is that the strong flow of foreign loans since the Package of 25 March 1991 has a negative impact on the Indonesian current account. The enlarged private debt—including that of financial institutions—could increase the debt service ratio and thus threaten our national economic health. With this thinking, the government conceived a new policy, which in effect sets a national ceiling (national quota) on offshore loans, whether for the government, banking institutions, LKBB's [nonbank financial institutions], or other private companies. Whereas originally (before the Package of 25 March 1989) the offshore loan ceiling applied only to banks and LKBB's, the new regulation sets limits under a national ceiling (quota) system for all official and private enterprises.

The principle of the policy that brought forth this team is said to be the limitation, supervision, and wise management of the use of foreign commercial financial resources. The aim is to prevent pressure on Indonesia's foreign balance of payments and to avoid confusion in our use of international capital markets. It is also necessary as a way to keep our foreign debt payment burden within the limits of Indonesia's capabilities. The policy, which is for safeguarding our interests at this moment, is rated positively. What is its significance?

- *First*, the government has again conducted regulation and bureaucratization by setting limits, through a national ceiling or quota, on offshore loans and has set up a team whose duties include the setting of priorities, loan amounts, procedures, and order in which applications are made, and the granting of permission to applicants for these offshore loans.
- *Second*, the government classifies or sets categories of the loans being coordinated by the team. These cover foreign loans related to development projects having these financing categories: nonresource; limited resource; advanced payment; trustee borrowing; leasing; build, operate and transfer (BOT); and build and transfer (B&T).
- *Third*, within specific limits, the government gives liberty to potential borrowers to find loans that do not fall under team coordination. This would include, for example, commercial loans for financing not linked to the government or BUMN's [state-owned business enterprises] by government equity, guarantees of raw material supply, guarantees to buy output, or any other way.

There are still a number of loan types that the government may later decide to leave open. Because none of these loans will require permission from the team, the BUMN and private business world will have opportunity to make direct contact with sources of funds overseas.

The immediate impact will be a slowdown of investment funds through foreign credits and a slim allocation of rather cheap loans. In this situation, the business world's opportunity to get credit will decline at the same time that domestic sources of funds—particularly banks and LKBB's—are feeling the pressure of regulation. This regulation includes the Package of 28 February 1991 on capital adequacy ratio (CAR). These developments are spurring interest rates and thus are generating higher costs.

The government in this way apparently wants limitations on monetary expansion in order to block inflation and not merely to keep down the current account deficit. Unfortunately, the competitiveness of Indonesia's exports will decline as a result of higher domestic costs, thus limiting the opportunity to increase revenues from nonoil exports. The pressure of domestic costs and the uncertainty of export markets will hurt foreign exchange earnings. This cloud over nonoil commodities may tend to make oil our mainstay export again.

We believe the new policy is intended to protect the greater national interest and requires thorough understanding from us all. We call on the government, however, to minimize the negative impact of this policy by creating a policy that will give incentive to the business world.

Government To Take Steps Against Inflation

91SE0375E Jakarta BISNIS INDONESIA
in Indonesian 4 Sep 91 p 1

[Text] Jakarta (BISNIS)—Minister of Finance J.B. Sumarlin says that the government will take at least three steps to control inflation, which as of August reached a cumulative rate of 7.39 percent.

These actions will consist of supplying goods in adequate quantities, improving transportation, and avoiding excessive monetary expansion, the minister said yesterday after a meeting at the DPR [Parliament] Building for presentation of general views on the draft legislation on banking, insurance, and pension funds.

Inflation rose by 1.9 percent in August, bringing the rate to 7.39 percent for January through August. This is lower than the 7.6 percent that was reached during the same period last year. Observers say, however, that the economic situation this year is very different from last year's.

To keep inflation under two digits, the government must maintain a cumulative rate of 2.61 percent, or a maximum of 0.65 percent per month.

"In other words, the government will try to maintain control of inflation," he said in a brief statement without citing more details on the steps to be taken.

He acknowledged that the serious problem in 1991 is how to control inflation so that development will continue according to plan.

Is the government optimistic that it can keep inflation under two digits? "We will try as hard as we can," the finance minister said.

Serious

"With inflation at 1.9 percent in August, the government will have a serious problem in its efforts to maintain single-digit inflation until the end of the year," monetary observer Priasmoro Prawiroardjo told BISNIS last night.

"To keep inflation below double digits, the government must keep monthly inflation to 0.65 percent," he explained.

Bustanil Arifin, minister of cooperatives/KABULOG [chief of the Logistics Bureau], said on Monday [2 September], that the causes of increased inflation include higher transportation costs, which contributed 2 percent. On the other hand, food costs contributed only 0.11 percent to the August inflation rate of 1.9 percent.

Priasmoro, who is also president director of Lippo-BNP, feels that the inflation rate of almost 2 percent last month was a result of higher BBM [oil fuel], transportation, and electricity costs. "Do not forget the higher wages and textiles prices, either," he added.

According to Priasmoro, BULOG must be increasingly careful about the prices of foods such as rice and soybeans. "It is also logical to think that last month's inflation was related to the long dry season," he said.

Because of conditions like this, the tight money policy will become even tighter and will not be relaxed until early next year. "This will make it harder to bring down interest rates. There is no likelihood that interest rates can be reduced soon," Priasmoro said.

He recommended that the government stop issuing so many money market certificates and increase the volume of Bank Indonesia Certificates instead.

Psychological

Meanwhile, economics observer Hartojo Wignjowijoto believes that double-digit inflation will have only a psychological effect by reducing the expectations of the people.

Thus, if inflation rises about 10 percent, the important thing will be to ensure that capital flight does not take place. Therefore, interest rates must be kept at least at their current level, Hartojo stated.

Actions on Foreign Loans, Ownership of Bank Stock

91SE0375B Jakarta BISNIS INDONESIA
in Indonesian 10 Sep 91 p 1

[Text] Jakarta (BISNIS)—A government regulation (PP) will permit foreign investors to own bank stock but not as majority shareholders. The Foreign Commercial Loan (PKLN) Team is now drafting guidance.

Minister of Finance J.B. Sumarlin explained that foreign ownership of stock will be regulated by a PP. "The main point is that foreigners may not have majority ownership," Sumarlin said yesterday at a plenary session of the DPR [Parliament] at the MPR [People's Consultative Council]/DPR Building as he submitted the government's response to general views of the DPR about draft legislation on banking, the insurance business, pension funds, and income tax changes.

Thus, he added, there is no need to fear foreign domination of bank ownership in Indonesia.

Earlier, the Development Unity Faction (FPP) and the Development Function Faction (FKP) had proposed that a limitation be put on ownership of bank stock, including that of state-owned banks, by foreign citizens and companies.

Sumarlin also said that the banking bill would make possible the establishment of banks with mixed ownership, i.e., public banks founded jointly by one or more Indonesian public banks headed by Indonesian citizens or companies, and one or more foreign banks.

Article 13 of the banking bill provides that the amount of foreign ownership permitted in a jointly owned bank will be further regulated by a PP, Sumarlin said.

Based on regulations now in effect, he explained, there must be at least 15 percent domestic ownership of jointly owned banks. "Indonesian banks with strong capital can own more than 60 percent of such banks."

PKLN Team

Sumarlin told the press that PKLN Team is now drafting guidelines and examining projects to determine which projects are not to be included under the ceiling for the year.

Sumarlin said this is being done to protect the balance of payments and the stability of the Indonesian economy. "They want to ensure that loans are secure," he said.

Bankers expect that the foreign credit ceiling will be an obstacle to the reduction of domestic interest rates.

The director of Bank Swansarindo International (Swansan Bank) said that the ceiling will force banks to intensify mobilization of domestic funds through such efforts as "pricing," product development, and expanded promotional activity.

Asep Subandi, principal director of Bank Harapan Sentosa (BHS), said that domestic banks with adequate liquidity should raise the productivity of existing funds to prevent an interest rate resurgence that could occur as a result of the offshore loan ceiling.

Asep, too, believes that the foreign credit ceiling will trigger an increase in interest rates but that it will not happen immediately because of the liquidity of domestic banks.

Irwan M. Habsjah, director of NMB Indonesia Bank, said that the ceiling policy of 4 September will not make it hard for jointly owned banks to attract foreign investors to Indonesia as long as projects are oriented to exports.

"Foreign investor interest is still high. About 70 percent of foreign investors are still interested in making investments in Indonesia," he said yesterday.

NMB Indonesia Bank—a joint venture by NMB Postbank Group NV and Bali Business Bank—will not have any problems despite the government's formation of the PKLN Team.

Ridwan Sumantri, president director of Akita Bank, feels the limitation on foreign commercial loans was necessary to prevent undesirable consequences for the banks themselves and for the public. "If we had waited for a crisis, it would have been hard to handle," he said.

Benefits of Coal to Pulp, Paper Industry

91SE0375C Jakarta *BISNIS INDONESIA*
in Indonesian 10 Sep 91 p 1

[Text] Jakarta (BISNIS)—The pulp and paper industry is expected to use coal as a fuel, because it will increase efficiency by 35 percent. Where there is land with conflicting resources, coal must get priority over industrial forests.

"By using coal, the large investment needed for the development of the pulp and paper industry can be limited," Kosim Gandataruna, director general of general mining in the Department of Mining and Energy, told reporters at Ayer Island recently.

Meanwhile, Johansyah Salim, senior marketing staff member of PT [Limited Company] Bukit Asam Mining (TBBA), said that by using coal instead of oil pulp plants can save 35 percent. He did not specify overall savings when investment in boilers is considered, however.

"Pulp plants are certain to profit if they will use coal," Johansyah said. He added that the construction of at least nine pulp factories is being planned.

Industries that could economize by using coal are textiles, chemicals, electricity generation, pulp and paper, salt, automobiles, and steel. Most of the big industrial countries have begun a transition to coal. They include the United States (25 percent), Western Europe (21 percent), and Japan (20 percent).

Minister of Mining and Energy Ginanjar Kartasasmita said that priority must be given to coal when there are conflicts with other interests, such as industrial forests and estate agriculture, on specific pieces of land. "We hope coal will be given priority."

He said the government will put coal first when there is a conflict with other interests over a piece of land. "There is no problem when there is a conflict with other resources."

Some time ago there arose a conflict over land between PT Caltex and an industrial forest company in Riau. Ginanjar said he feels the case can be resolved by reference to a scale of priorities.

Director General Kosim explained that because of Indonesia's declining oil reserves, it is time for the industrial

sector to move to coal. If industry will begin to do this, an optimal use of coal will soon be realized.

Starting next year, PT TBBA will supply coal to the pulp and paper plant owned by PT Tjiwi Kimia. The initial volume will be about 500,000 tons. PT TBBA will produce about 50 million tons of coal in the year 2000. This production is planned in anticipation of the oil crisis that is to hit Indonesia.

Indonesian coal production is now just 5 million tons per year. National coal reserves total 32 billion tons, which is enough for 100 years.

Border Trade; Traffic in U.S. Remains*91SE0380A Bangkok SIAM RAT SAPDA WICHAN
in Thai 11-17 Aug 91 pp 36-38*

[Article by Midet Techo]

[Excerpts] [passage omitted] In 1983, the suppression of political enemies declined, and the Lao Communist Party was able to organize things to control the people of the entire country. Officials began to relax things. Lao villagers who lived along the border regularly crossed the border to ask for rice and dried foods from the Lao people living on the Thai side of the border. Some villages and cantons submitted appeals to the members of the party central committee in Vientiane asking for aid to help relieve the shortages. [passage omitted]

In 1985, the administrative heads of the border provinces asked the Thai provincial governors to facilitate cross-border traffic. At the end of 1986, border transit points were opened on a trial basis at several important locations in order to facilitate cross-border traffic and trade. [passage omitted]

In 1989, Vietnamese goods began appearing along the Thai-Lao border. Vietnam had asked Laos to provide help by selling its goods in Thailand. This includes such items as ceramics, seafood, glutinous rice used to make noodles—focusing on Vietnamese refugees in Thailand—cheap Vietnamese cloth costing 8 baht a meter, perfume, liquor, generators from Russia, and cattle and buffaloes. There were large quantities of such goods, and this does not include the marijuana and raw opium smuggled into Thailand. The Vietnamese cloth earned large sums for the smugglers and the local people in uniform who provided protection. Some people were arrested and sold their fields to fight the charges. [passage omitted]

The Lao people have money but nothing to spend it on. Even though every village has a state-operated store, very few goods are available, and in some places, there are no goods at all. In some provinces, government officials have to wait a full year to get paid.

Vietnam relies on its fraternal relationship with Laos to get Laos to purchase goods along the border and ship them to Vietnam. Obviously, no export tax is paid on these goods. Border smugglers are the people who regularly transport these goods. These goods are then mixed in with other goods at the state warehouses before being shipped on to Vietnam by truck. The money paid for these goods totals at least 100 million baht a month. Each smuggler is paid about 500,000 baht a month. Thus, if they aren't caught, each smuggler can make a profit of at least 15,000 baht per trip.

Thus, the trading points and permanent border transit points are meeting points for buyers and sellers. Here, they can discuss things and reach agreements on buying and selling goods, including vehicles, refrigerators, medicines, small medical instruments used on the battlefield,

hand-held radio receiver-transmitters used by Vietnamese military units, and all types of electronic goods. Also, people gather information here in order to analyze political matters. This includes both the KGB and the CIA, which are interested in gathering all sorts of information.

Besides this, at some of these trading points, people offer to sell the remains of American servicemen killed in Laos, particularly helicopter pilots and the crews of cargo aircraft. Their dogtags, which give their name, religion, ID number, and blood type, are sold to people interested in earning a reward. Some people are successful. Others are cheated and try to find and kill those who cheated them. Many of the dogtags forged in Vietnam, Bangkok, Ubon Ratchathani, Udon Thani, and Vientiane are burned or buried in the ground in order to give them an authentic look. They also [talk about] bringing prisoners out. This is a very interesting matter and could be the subject of a novel.

Battlefields from central to southern Laos and into Cambodia are filled with the corpses of American servicemen. Such statements are frequently heard at the small trading points. However, these small trading points have given the people along the border a chance to meet each other, and this has helped reduce tensions. The political changes in Russia have helped improved relations between the peoples of Laos and Thailand. However, investors are still hesitant, because even though an investment law has been promulgated, decisions are still made by the Supreme People's Court just like before.

Some timber financiers have said that buying timber from various provinces in Laos is uncertain. They try to sell the timber to different people. It is sold to whoever offers the highest price even though they may have signed a contract with someone else. Thus, agreements with them do not provide any assurance. It is often said that these people are skilled farmers who have little experience in trading. [passage omitted]

Photo captions

1. Mortars, bowls, jars, and goods made from scrap war materials and aircraft parts.
2. Bones and dogtag from the corpse of an American serviceman priced at 80,000 baht.

Thai Source Profiles Kaysone's Career*91SE0378A Bangkok SIAM RAT SAPDA WICHAN
in Thai 25-31 Aug 91 p 26*

[Excerpts] Mr. Kaysone Phomvihane was born on 13 December 1920 in the city of Savannakhet in the South of Laos. He is half Lao and half Vietnamese. His mother was Lao, and his father was Vietnamese. His father was a government official when Vietnam was still a French colony.

He joined with the Free Lao Front in 1945 when he went to study in Bangkok. Then he became a leader of the underground in Laos which worked with the Vietnamese to resist the Japanese invasion and struggled to seize power in Laos until they were successful in August 1945.

When the Lao Communist Party, whose official name is the Lao People's Party, was officially established in 1955, Mr. Kaysone became the first general secretary. During 20 years of war to seize power in Laos he was in command in the rear. He stayed at the headquarters in a cave in Sam Neua District, which is close to the border with Vietnam, until victory was achieved in overthrowing the Lao Government supported by the United States, the government of the King of Laos.

In 1973 there was a friendship treaty between the Communists and the Lao Government. Mr. Kaysone used every strategy he could, both political and military,

including marches, inciting soldiers to cause disturbances, assassinations, terrorism, and inciting students to demonstrate until the coalition government of the Communists and the democratic [groups] weakened and the Communists became stronger. This caused the rightists to flee across the Mekong River to Thailand in large numbers. [passage omitted]

Although he appears to be open, in fact he maintains a constant secrecy. No matter whether he is at home or traveling, his life, especially his private life, remains secret. In the first two years he escaped two assassination attempts.

Recently as Communists throughout the world have been losing power, Mr. Kaysone announced that he was abandoning his former socialist policies for new policies to make the people richer...he did not mention the poor.

Enrile Says Aquino Will Not Endorse Ramos, Mitra

91SE0362C Manila *DIYARYO FILIPINO* in Tagalog
23 Aug 91 p 2

[Text] President Aquino might not support the former Secretary of National Defense, Fidel Ramos, or House Speaker Ramon Mitra, Jr., in the coming 1992 presidential election.

This was announced yesterday by Senator Juan Ponce Enrile, Senate Minority Leader, just as he was also giving assurances that the Nacionalista Party (NP) is going to endorse him as its standard-bearer at the convention to be held on 16 November.

Although there is no strong basis for his suspicion, Enrile stated that there exists a strong possibility that President Aquino will not endorse either Ramos or Mitra as candidates for the presidency.

Enrile said, "I could be wrong, but I think that, in the final analysis, President Aquino will not support either Mitra or Ramos."

Enrile made it clear that if the intention of the President were to endorse either of the two, then "by now she should have given some indication to that effect."

"I think that now there is already somebody whom she is keeping an eye on who is outside the inner circle, but who could be a potential candidate," he declared.

At the same time, Enrile gave assurances that he would be the standard-bearer of the NP.

He stressed that he would not accept just the vice-presidential nomination of his party because then he would not be able to accomplish completely what he wants to do for the progress of the country.

In this connection, Enrile said that he might accept help from anybody, even from the Marcos family, for his candidacy, but that he would make sure that there were no strings attached.

"I would be a liar and a hypocrite if I said that I would not accept any help, but I will make sure that there will be no conditions or expectations in return for this help on my behalf. If there are, I will not accept it," he added.

If he wins the presidency, Enrile said, some of the things he will do include the following: allowing the return of the remains of ex-President Marcos; abolishing the Presidential Commission on Good Government (PCGG), and transferring its activities and responsibilities to the Department of Justice (DOJ); and granting amnesty to the rebels, both from the left and the right.

Defections to PMP Reported

91SE0362B Manila *DIYARYO FILIPINO* in Tagalog
23 Aug 91 p 2

[Text] Yesterday, Senator Ernesto Maceda announced that 15 well-known politicians from the traditional parties are defecting to the Philippine Masses Party (PMP).

According to Maceda, these defectors have promised to support the presidential candidacy of Senator Joseph Estrada in the 1992 election.

In this connection, Estrada announced that Maceda might possibly be his running mate in the election.

According to Maceda, he has already accepted, in principle, the position of General Secretary of the PMP, although the formal swearing in is yet to take place next month.

Maceda said, "There will be some formalities in the upcoming event, and most probably, I shall have already accepted the position."

In his announcement, Maceda mentioned the following new members of the PMP: Representatives Al Bandon (LDP [Struggle of Democratic Filipinos], Tawi-Tawi), provincial chairman; Precy Enciso (LDP, Batanes), provincial chairman; Rudy Romero (LDP, Negros Occidental); Felixberto Verano, assistant secretary of the Department of Finance (DOF) and chairman of the LP [Liberal Party] in Muntinlupa;

Felix Cesina, district chairman of the LP in Mandaluyong/San Juan; Attorney Cesar Aguilar, LP provincial chairman in Cagayan; Attorney Geronimo Reyes, LP district chairman; Attorney Romeo Batino, provincial chairman of the Nacionalista Party (NP) in Cavite;

Tomas Teodoro, second district chairman of the New Society Movement (KBL) in Kalookan; Alkalde Froilan Pimentel, provincial chairman of the National Army (Laban) in Camarines Norte; Board Member Antonio Garcia, regional vice president of Central Visayas (Osmena Wing);

Cesar Lucero, Jr., party leader of the KBL (Manila, 2nd district); Bobby Oca (NP, Manila—3rd district); Ernesto Maceda, Jr., (LDP, Manila—4th district) and Vice Mayor Jinggoy Estrada of San Juan (LP)

Maceda gave assurances that there are still many politicians who are still consulting with their constituencies regarding their defection to the PMP.

The Senator stressed there is great hope that the PMP will be victorious in the election because it already has leaders from Batanes to Tawi-Tawi.

The lineup of the party will be completed and consolidated within two to three months, since the PMP already has one-third of the nation under its umbrella.

After Maceda resigned from the LP, Estrada immediately appointed him campaign manager for the coming election, and he was already hand-picked to become Estrada's General Secretary.

Maceda mentioned that the report to the effect that the U.S. was planning to support the candidacy of Estrada if he favors the extension of the bases lease in the country will be investigated.

Meanwhile, Estrada hinted that it is most likely that he will select Maceda as his running mate in the 1992 election because the latter possesses good qualities and exceptional abilities.

However, there is also a very strong possibility that the Senate will select Maceda to be its leader.

NPA Officials Arrested, Weapons Confiscated

91SE0362A Manila DIYARYO FILIPINO in Tagalog
23 Aug 91 pp 1, 2

[Text] Three high-ranking leaders of the Communist Party of the Philippines-New People's Army (CPP-NPA) were arrested by the police in Norzagaray, Bulacan, two afternoons ago.

Senior Inspector Orlando Maddela, district director of the 145th Philippine National Police (PNP) Company, reported that the rebels were caught at a checkpoint after two weeks' surveillance.

Those arrested were:

Roberto Santos, aliases "Ka Dindo" and "Ka Ronel," 29, of District 3, San Nicolas, Hagonoy;

George Bautista, aliases "Ka Lerry" and "Ka Penpen," 21, residing in Santa Cruz, Angat, and the suspected leader of the Area Party Committee in Angat and Norzagaray, said to be the child of an ex-police captain; and

Gerry Rivera, 22, a resident of Santo Rosario, Hagonoy, and the suspected leader of the militia in his town.

It is known that Santos is in charge of the intelligence and finance networks of the CPP-NPA in the province, and collects the directly-levied revolutionary taxes from the businessmen who help them in the movement.

There is a 30,000 peso reward for the arrest of Santos.

According to the report, the above three were caught while riding in a blue car with the license number PAF-582 which was asked to stop at a checkpoint by the Norzagaray Police and the 145th PNP district.

Confiscated from the suspects were a Remington .45 pistol; a German Luger Walter .38 pistol; a fragmentation grenade; bullets; and subversive documents.

During the investigation, Santos and Bautista admitted that they are members of the NPA, but Rivera denied the accusation.

Furthermore, Santos stated that he is also the leader of the Agaw-Armas ("Arms-Snatching") Gang of the NPA, and that his gun belonged to a certain Captain Patrick Espana of the 11th Marine Battalion who became his victim last June.

In addition, an informant revealed that Santos is one of 30 activists trained by expert terrorists in a secret hideout of the NPA in Mindanao in 1988.

Other related incidents:

- Gunbattles between the rebels and government forces in the mountain province intensified after the PNP-Narcotics Command discovered a 15-hectare plot of growing marijuana that was estimated to be worth 250 million pesos.

According to Narcom Chief Superintendent Job Mayo, six rebels and a policeman had been killed in almost a week of gunbattles between the two sides.

- The communist rebels ambushed two vehicles of the Philippine Army in Santo Nino, Cagayan, with ten soldiers of the 501st Infantry Battalion in them.

No dead or wounded on the military side have been reported, and almost one kilo of dynamite had been recovered by government troops from the NPAs.

On the other hand, Chief Inspector Hizon replaced Asuncion as chief of police in Paranaque.

(Earlier), Asuncion had replaced Chief Superintendent Rogelio Pureza, who was fired last July for drug trafficking in Paranaque.

Filart transferred Asuncion to the post of commander of the Southern Police District Field Force.

Business Forum With Hong Kong Proposed

92SE0015B Jakarta SUARA KARYA in Indonesian
23 Sep 91 p 4

[Text] Hong Kong (SUARA KARYA)—Singapore is now seriously seeking new ways to strengthen economic activity and development. In Hong Kong last week, Singapore Senior Minister of Trade and Industry Lim Boon Heng publicly proposed the establishment of a business forum that he called the Hong Kong-Singapore Global Business Group. Lim hopes such a forum will further strengthen economic and business ties between the two countries to enable them to take advantage of the expanding business prospects in the Asia Pacific and ASEAN regions.

Speaking last week in Hong Kong at a conference on the theme "Hong Kong and Singapore: Globalization Through Twinning," Lim Boon Heng said that forums like the Hong Kong-Singapore Global Business Group that he proposed can be a means of communication to develop even better ties between business circles in Singapore and Hong Kong. According to a report sent from Hong Kong on Saturday [21 September] by SUARA KARYA correspondent Jhonny Darmo, Lim said this step will enable us to share information with each other.

Such a forum, Lim Boon Heng said, can facilitate economic cooperation and collaboration between the two countries in a "macro" fashion. Lim said he is confident that in a "micro" way the forum will then be a way for businessmen and businesses in the two countries to determine the best ways to find business opportunities. Such opportunities may arise out of this collaboration, or they may stem directly from economic development in the Asia Pacific area generally and the ASEAN region in particular.

"I am very confident that there is still a place and an opportunity for cooperation between us," Lim declared. He said Singapore itself has been one of the largest investors in Hong Kong. Singapore's investments in Hong Kong have reached more than \$250 million [Singapore dollars], including investment in the services sector.

According to Lim, opportunities for cross investment are still extensive. "We can benefit mutually from such cooperation," he said. In fact, he sees possibilities for cooperation by the two countries in developing investment in other countries in Asia. "We all know that Indonesia, Malaysia, and Thailand are continuing to strengthen their economies for the takeoff phase. The same is true of the PRC, where there are very extensive opportunities for investment," Lim Boon Heng said.

Not Very Close

A SUARA KARYA source in Hong Kong noted yesterday that the Hong Kong press some time ago indicated that economic ties between the two countries are not very close. According to this source, who has been

following economic relations between Hong Kong and Singapore, business circles in Hong Kong do not have much confidence in the opportunities offered by Singapore.

Singapore apparently has sensed this detrimental situation and has launched efforts to improve economic relations. Lim Boon Heng's statements in the conference last Friday appear to confirm that this is the case. "After Singapore and Hong Kong understand each other as partners, the two countries may be able to consider making investment in certain sectors in developing countries," he said.

According to Lim, the globalization that now characterizes world economic development should enhance the strength of the two countries and serve as a stepping stone for expansion of the economies of both of them.

Must Expand

Lim called on Hong Kong to be aware of the features that are the same in the two countries. "Because of our very great limitations in land area, we must expand the sphere of our business operations in order for Singapore and Hong Kong to survive and grow economically. We can do this by selling the potential we have on world markets, taking global advantage of resources, and transferring and distributing globally some of our economic activities," Lim urged. Lim apparently was implying that these approaches are a part of Singapore's economic strategy and blueprint.

Therefore, he said, now is the time for Singapore and Hong Kong, as countries steadily growing as new economic forces in the East, to take steps together to identify opportunities that we can exploit together.

He identified at least two objectives for Hong Kong-Singapore cooperation. "The first is to encourage taking economic advantage of various complementary aspects of the relationship between the two countries and of the dynamics emerging in the Asian region. The second is to encourage our business sectors to penetrate even further into the era of globalization," Lim said.

Geographically, Hong Kong and Singapore have superior potential as trading countries. Hong Kong has long been known as the gateway to the PRC, a country now rated by business circles in East Asia and the Asia Pacific region as "quite promising" for foreign investment. Meanwhile, Singapore has potential because of its very strategic location between Indonesia and Malaysia.

Foreign Corporations Interested in Batam Island

92SE0015A Jakarta SUARA KARYA in Indonesian
23 Sep 91 pp 4, 8

[Text] Hong Kong (SUARA KARYA)—Multinational companies that have had a production base in Singapore for years have declared that they will not expand their operations there any further. This appears to be a special threat to Singapore and one of the reasons for Singapore

to "embrace" Indonesia in the development of Batam and several other islands in Riau Province.

Singapore Senior Minister of Trade and Industry Lim Boon Heng acknowledged candidly that multinational companies are no longer enthusiastic. "They tell me that because it is hard to find workers they are not going to expand their operations there any further," he said in Hong Kong on Friday [20 September] at a half-day seminar for joint Indonesia-Singapore promotion of investments in Riau Province.

SUARA KARYA correspondent Jhonny Darmo reported from Hong Kong on Sunday that the seminar was attended by dozens of businessmen from the English colony. The Indonesian delegation, led by Junior Minister of Industry Tunky Ariwibowo, and several Singapore Government officials are to proceed to Taipei, Taiwan, on Monday [23 September] and will hold a similar seminar the same day.

Both Tunky and Lim Boon Heng used the occasion to make enthusiastic offers of opportunities in Riau Province, particularly on Batam and Bintan Islands, to Hong Kong businessmen. "Indonesia will play a big role in the global economy during the decade of the 1990's," Tunky said. He was accompanied by BKPM [Capital Investment Coordination Board] Chairman Sanyoto Sastrowardoyo and Riau Governor Soeripto.

Indonesia and Singapore are now even offering to businessmen who invest in Bintan Island the same incentives as those offered to foreign businesses with production bases in Batam. Bintan is only a few kilometers from Batam. Some incentives mentioned by Lim Boon Heng in the seminar relate to the training of workers and to fiscal and tax matters. According to Lim, businesses are permitted to conduct training in Singapore for workers at plants in Batam and other locations in Riau. "This enables businesses to begin their plant operations more quickly," Lim said.

Businesses may also apply for tax exemptions. "Businesses may apply for exemption from Singapore taxes. This will enable them to reinvest their profits in the islands," Lim said. Other fiscal incentives will make it possible for companies with production bases in Singapore to transfer some of their production operations to Riau. "This also applies to companies which at the same time expand and upgrade their facilities in Singapore," he said.

Active Role

At another point during the seminar, Tunky Ariwibowo expressed his confidence in the roles of multinational companies in supporting the entrance of some countries into the era of globalization and internationalization. According to Tunky, multinational companies will be very important to Indonesia's successful implementation of its strategy. "Therefore, we want very much to develop closer ties with members of the international business community, and we invite them to join Indonesia in implementing this global strategy," Tunky said.

According to Tunky, cooperation between Indonesia and Singapore is being built on the cooperation that has been established with multinational companies, including cooperation in their markets. For that reason, apparently, Tunky is confident that Riau Province, the part of Indonesia closest to Singapore, can be developed.

Singapore has been the country in which multinational companies have been most interested as a base of production. The positions of some of these companies—like Sumitomo of Japan, Phillips and Thompson of Europe, and Smith Corona and AT&T of the United States—are "increasingly under pressure." These companies are the first to decide to "flee" to Batam, Riau. Lim noted that as of the end of August more than 40 companies have declared their commitment to developing operations on Batam Island.

POLITICAL

Malaysian Border Problems Reviewed

91SE0374A Bangkok MATICHON SUT SAPDA
in Thai 21 Jul 91 pp 13, 14

[Excerpt] [passage omitted] The border area near Padang Besar in Thung Mo Subdistrict, Sadao District, Songkhla Province, is one of the main smuggling areas in this region. During the time that General Han Linanon served as the commander of the 4th Army Region, he tried to stop smuggling by building a long wall along the border. This wall was completed in 1981. At the same time, the Malaysian state of Perlis, which is located across the border here, built a wall, too. The wall built by Malaysia is approximately 150 meters inside Malaysia.

The construction of these two walls created a "no-man's land" between the two walls, an area that totaled about 283,000 square meters. There were small gates, called "white-red" gates, through which Thais and Malaysians could pass. Later on, Thai merchants used this area to engage in trade. They built huts and sheds in this area to live and store the goods purchased from Malaysian traders.

The buildings built by the Thai and Malaysian merchants became places from which large quantities of contraband goods were shipped into Thailand, with these goods openly displayed and sold in Hat Yai District. But Thai officials could not see what was happening because of the wall.

"After the wall was built, Malaysian officials 'moved' the border. It may not have been Malaysian officials but villagers from that area or smugglers. They moved the border closer to the Thai wall. They thought that this would facilitate their smuggling activities," stated the Regional Border Commission.

When customs and police officials took action to stop the sale of smuggled goods behind the wall, merchants sent a protest to the Malaysian Government stating that Thai officials had encroached on Malaysian territory. The first time was in February 1990. The Malaysian Government sent a letter to the Thai Ministry of Foreign Affairs stating that Thai officials had crossed into Malaysia, arrested merchants, and seized goods. The Ministry of Foreign Affairs sent a letter to the Region 4 Customs Office in Songkhla Province ordering officials there not to seize goods in the open area behind the wall. This letter referred to this area as a "no man's land."

A senior officials in the Customs Department said that "this letter created a great problem for customs officials, because no one knew what to do. We knew that this wall had been built 2-10 meters back from the border. Thus, we felt that the area 2-3 meters from the border was Thai territory where we could legally operate. But problems arose. Because when the wall was built, Malaysia considered that to mean that the area behind the wall belonged to Malaysia.

"The area with problems is the San Chao Paekong area between kilometer markers 1/1120 and 2/1115. Some of the border markers are missing. But if you draw a line along the border markers, this area seems to be inside Malaysia. After Malaysia protested, a meeting was held, and it was announced that there would be white-red gates through which people could legally pass back and forth between the two countries. That went into effect on 12 October 1990. Immigration officials were stationed there."

Problems with this "no man's land" arose again when police officials arrested people for selling contraband goods behind the wall on 30 June 1991. This was done in accord with Songkhla Province's policy on suppressing smuggling. This action served as a "fuse" to again ignite this problem, which had seemingly been resolved.

Malaysia organized a special operations unit and stationed it in this no man's land, claiming that it had done this in order to maintain order and prevent Malaysians from being robbed. Several Malaysian newspapers had printed stories stating that on 30 June, nine men dressed as Thai policemen had come and robbed Malaysian citizens and then fled back into Thailand.

Thai police officials admitted that on that day, they had arrested some people who were selling contraband goods. The police were just doing their duty in accord with the policy of the province.

But the problem was that this occurred inside the "no man's land," which Malaysia claims is its land.

Malaysia's tough attitude toward this was bound to affect Songkhla Province's policy on seizing smuggled goods. Mr. Nippon Bunyaphatro, the governor of Songkhla Province, ordered the officials concerned to be careful when seizing contraband goods and forbade them from seizing goods in this no man's land until negotiations could be held and the ownership of this land resolved. Besides this, he forbade officials in Songkhla Province from entering that area.

"Officials have been ordered to take resolute action against the smugglers. They have been ordered to maintain a watch along the wall and along the highway leading to Hat Yai City, which is thought to be the main route used by the smugglers. They have also been ordered to inspect every train arriving from the Padang Besar station. But this will not solve the problem entirely, because the main smuggling area is only a few meters behind the wall. And we can't enter that area," said one administrative level official.

There is also the attitude of the military as expressed in a statement made by General Narudon Dechapradyut, the director of the Information Office, Supreme Command. He said that "the no man's land problem is not a national problem. This is a local problem." And in an interview given in Malaysia, General Sunthon Khongsomphong, the chairman of the National Peacekeeping Council, said that "this is not a major problem. It won't

affect good relations between Thailand and Malaysia." But Malaysia's tough attitude seems to be too heavy a burden and too important a matter for the governor of Songkhla Province to handle on his own.

Thus, Lieutenant General Kitti Rattanachaya, the commander of the 4th Army Region, will have to play a role in solving this problem. One possible solution is to take down the wall so that people can't hide contraband goods here. It has been shown that building this wall in order to stop smuggling was a mistake.

At the same time, the governor of Songkhla Province must coordinate things with Perlis State and hold talks on how to solve this problem at the local level so that more problems do not arise. This will help reduce the tension between our two countries, because the tension is increasing every day.

Most recently, a meeting was held at the Ministry of Foreign Affairs to discuss the issue of this "no man's land." This meeting was attended by Mr. Asa Sarasin, the minister of foreign affairs, Mr. Prachit Rotchanaphruk, the director-general of the Treaty and Legal Department, and Lieutenant General Kitti Rattanachaya, the commander of the 4th Army Region. After examining the evidence, it was concluded that approximately 160 rai of this no man's land, which is causing problems in the Padang Besar area, does belong to Malaysia.

The only way to solve this dispute seems to be to tear down the wall. This will also help solve the smuggling problem. If this is actually done, this must be discussed with officials from Perlis State. This will not be easy, because the area behind this wall is an area in which great profits can be made from smuggling goods. And it is an area of other influences, too.

An important point is that Perlis State is not sure what will happen in the future in view of the fact that Malaysia's wall is located only 100 meters from the border. What happened in the case of this "no man's land" is a good lesson.

As long as this wall remains, it will be impossible to stop the smugglers. Smuggled goods will continue to flow into Hat Yai, as has been the case for a long time now.

Suchinda on Elections, Dissent, Military Role

91SE0381A Bangkok NAE0 NA in Thai 31 Aug 91 p 3

[Interview with Army Commander General Suchinda Khrapayun by NAE0 NA on 30 August 91 at the Central Plaza Hotel]

[Excerpts] On 30 August, the Wiphawadi ballroom of the Central Plaza Hotel was filled with Thai and foreign reporters who had come to hear a speech by the Army commander, who is said to be a candidate for the position of prime minister. This speech, which was

entitled "General Suchinda Speaks Out," was organized by the Reporters Association of Thailand.

The following is the text of the remarks made by the RTA CINC [Royal Thai Army Commander in Chief] and deputy chairman of the National Peacekeeping Council (NPC). [passage omitted]

People have compared my seizure of power with a train. The engineer and personnel on the train were the government, which was driving the train. But they seemed to be going too fast, and there were indications that the train was going to jump the tracks. I saw that things were not right and so I stopped the train and asked the engineer and other personnel to get off. We have tried to find capable people to replace them in order to get the train to the next station. We will support talented and capable people. Getting the train to its final destination is the goal of the NPC. We did not want to seize power. We have done things in accord with the law. Immediately after we seized power, we issued several announcements. This was done during the first six-seven days. We then promulgated a temporary constitution, which clearly states the duties of the government and NPC, who will be responsible for drafting the [permanent] constitution, and when an election will be held.

People wonder when there will be an election. The temporary constitution clearly states that an election must be held within 120 days of the end of 1991, that is, by the end of April at the latest. Once the draft constitution has been submitted to parliament.... Actually, the NPC held a meeting and told the president of parliament that this is a good time. Now that the draft constitution has been submitted, we will be able to set a time for the election. We know how long it will take parliament to pass the constitution and so we will be able to set a time. There will be an election by the end of March, which is one month ahead of the deadline. The president of the NPC happened to be abroad and so this was not announced. This is another promise that we will soon leave. The temporary constitution stipulates that an election will be held by the end of April 1992 at the latest. But now that the draft constitution is in parliament, it should be possible to hold an election by the end of March, regardless of whether or not the draft constitution has been passed. The temporary constitution stipulates that an election must be held by the end of April 1992. [passage omitted]

[NAEO NA] If the next elected government is no good and the train seems in danger of jumping the tracks again, will you use power again to solve the problem? (applause)

[Suchinda] I have said that the entity that can control the government the best is the press. If the press does a good job, it will be possible to control the politicians. But the press must monitor them constantly and not stop after just a few days. If the press remains silent, people may wonder if they are being given bribes. Everyone is well aware of what has happened in Russia, where the people

rose up. If the government acts improperly, the people will rise up. The military will not take action unless the people ask it to do so. If the people ask me to take action, I will. We are the last hope of the people. The people should be aware and know that this is their responsibility. People of my generation probably want to remain, because we are in our 50s. People of my generation had to obey their teachers and were not allowed to voice opposition. But in today's schools, people are free to say what they want. Today's students are different. The younger generation knows what it can do. If the government is bad, the people will take action. The military doesn't want to stir up trouble. We don't want people to criticize us. The press can be of great help. The people must take responsibility for maintaining their rights. The Thai people have allowed people to gain power and influence. But Europeans and Americans have refused to allow people to interfere with their rights. They have fought. I hope that Thais will gain an awareness of this. If that is the case, the military won't have to interfere. We can stay in our barracks.

[NAEO NA] Then your aren't sure. (laughter)

[Suchinda] You are good at making inferences. (laughs, too)

[NAEO NA] If you are named as a candidate for the position of prime minister, the Samakhi Tham Party provides support, and senior military officers in the NPC ask you to accept this position, will you run for election and, if so, why?

[Suchinda] No one can force me. The decision will be mine. It all depends on the situation and on fate. It's the same as when I seized power (on 23 February). I made the decision in two hours. I had not made preparations in advance. I saw what the situation was like and talked with people about this. And that was it.

[NAEO NA] Do you think that Thailand's prime minister should be a soldier or a civilian?

[Suchinda] You are again separating soldiers from civilians. Soldiers are citizens, too. Soldiers would like to see a civilian prime minister. We want a civilian minister of defense. Because a civilian can request more than a soldier. What concerns the military is that if a soldier becomes prime minister, his requests will tend to be ignored. The same was true during the time of Field Marshal Sarit. If we have a civilian prime minister, the allowance paid privates in the Army may rise to 36 baht. But with soldiers in the government, military allowances for privates are three times lower than the minimum wage. Either a soldier or a civilian could serve as prime minister. But actually, most soldiers would prefer to have a civilian prime minister.

[NAEO NA] Are you satisfied with the performance of the present prime minister?

[Suchinda] Whether I am satisfied or not, because he was selected, we have to support him. It's like a marriage. [passage omitted]

[NAEO NA] Do you think that elections based on the new constitution will solve the problems, that is, the various political problems after the election, an example being the problem of bad politicians?

[Suchinda] We will have to help each other solve such problems, because we still don't know what form the new constitution will take. People are considering a variety of things. For the most part, people agree. It is difficult for me to say anything because of my position. Some people say that I have too much power. If I say anything, they will say that I am directing things. Thus, I really can't say anything about this. But the subcommittee that is drafting the new constitution has come under attack. They are trying to find a way to keep bad politicians out [of the government]. We want good politicians. But no one knows if these methods will work. This must be discussed in parliament. I don't know what methods will be used to prevent this. During my recent trip to Japan, they were trying to promulgate a law, a law that the politicians oppose. Japan wants to promulgate a law forbidding representatives from giving money or gifts to the people. The law would prevent them from giving presents at weddings or other ceremonies. I am in favor of this. But Japanese politicians oppose this and say that this can't be done. If a similar law was implemented in Thailand, MPs [member's of parliament] here would find themselves in trouble, too. Bribes are given for many things. Actually, their monthly salaries aren't sufficient. But some politicians don't agree. They say that this is a way of gaining the support of the people.

[NAEO NA] You have denied any involvement with political parties, particularly the Samakhi Tham Party. But because of the activities of this party and of some of the people close to you, the people are confused and believe that you are involved with this party. Would you clarify this?

[Suchinda] I have talked about this before. I can't reveal any names, but many businessmen have approached me and asked if I plan to become involved in politics. And they have said that they would contribute money to my party. I have told them to go support that party but not to mention my name. You can go and ask the party leader if this is true. Political parties have asked if I plan to jump into politics. I have told them to go ask that party. But I have never said which party. People can guess. People can go ask the leader of that party. [passage omitted]

[NAEO NA] An important investment factor has often been political efficiency. What steps will be taken to assure investors politically?

[Suchinda] One of Thailand's problems is that foreign investment here has slowed. One reason for this is the government's economic policy. The government doesn't want our economic growth to exceed our economic

capabilities. This is the government's monetary policy. During the time of the previous administration, the economy expanded greatly. There was a huge deficit because of the purchase of machinery and equipment. These are capital intensive goods. In the next one to two years, revenues from exports should increase 50-100 percent. It will be the next government that enjoys the fruits of the work done by the previous government. Thailand's problem is that, now that we are producing large quantities of goods, where will we find markets for all these goods? The problem is not production but marketing. If we can't find markets, the economy will collapse. The problem for Thailand is finding markets for our goods. The problem isn't domestic production. During my trip to Japan, I met with Japanese leaders and talked with them about investing in Thailand. They said that there are several things that are limiting investment in Thailand. First, there is the labor problem. It's difficult to find skilled laborers. We are experiencing a labor shortage on the eastern seaboard. There is a great shortage of laborers today. Second, land is now very expensive. Investors who go elsewhere, such as Indonesia, can obtain land much cheaper than here. Land in Thailand is now very expensive. Third is the electricity problem, and fourth is the water problem. Fifth is the traffic problem here. These are problems that are keeping investors from investing in Thailand.

[NAEO NA] In view of the political and economic changes taking place in the Soviet Union and the fact that it will probably become a part of the European community, what position should Thailand take in the face of these changes?

[Suchinda] You should probably ask the prime minister. But I think that Thailand must join with other countries in this region. In the future, Thailand and Vietnam will have to cooperate more on the economic front. The same is true for Thailand and Laos and even for Thailand and Burma. Peace in Cambodia will benefit Thailand. And it will benefit Laos, too. Thailand will have a good opportunity if we cooperate. We are already cooperating on a variety of things. For example, they have asked us to build an airport at Luang Prabang so that tourists can fly from Chiang Mai to Luang Prabang, from where tourists could travel on to Nanjing. We must cooperate with each other. Thailand must cooperate with Laos and Vietnam in order to wage an economic struggle. I don't know if there are any Americans there or not. But from now on, we will come under greater and greater pressure from the United States, because the cold war is over. Superpower polarity is a thing of the past. The United States will play a great role in world economic affairs. We will have to be careful, because they have implemented several measures affecting us. The United States will exert a greater influence on the world economy. We will have to monitor things constantly. Economically, I think that we must cooperate with other countries in the Pacific or Asian region. If things are handled properly, Asia can become one of the world's major markets. China has more than a billion people. India has a large population.

In the future, we won't have to rely just on American markets. If the economy in this region improves, the large markets will be the Chinese and Indian markets. Large numbers of Thai businessmen are investing in China. I think that we must give attention to this, because our economy is now dependent on the United States. We have to get away from this. We should look to Asia as major markets.

[NAEO NA] The people should demonstrate like the people in the Soviet Union. But that probably won't happen in Thailand, because every time the people demonstrate, the powerholders oppose them, claiming that someone is behind this. The truth is, there are fears of another 6 October. What is your view?

[Suchinda] People can demonstrate with pure intentions. But we can't put up with the demonstrations that are taking place these days. The press has helped spread this. We feel that these demonstrators are just hired gunmen who are willing to do anything for a profit. The press has helped increase their importance. But demonstrations that arise from the realization that things are not right are proper. One time when I was in the United States, the price of beef was very high. The American people united and did not buy beef. I was embarrassed, because I wanted to eat beef. People stared at me when I bought beef, and so I had to put it back. As a result of their strike, within seven days, beef prices were lowered. The same is true in Thailand. If people think that prices are too high, they can boycott the goods. Let's see if prices drop in seven days. They will have to decline, otherwise the merchants will go out of business.

[NAEO NA] Do you remember the five reasons cited for seizing power?

[Suchinda] Yes, I do.

[NAEO NA] Parliamentary dictatorship, the assassination attempt, and the matter of politicians harassing government officials.

[Suchinda] I remember all the reasons cited. As for suppressing corruption, we have formed an assets inspection committee. It has been attacked for a variety of things even though it was our intention to punish the guilty. I had no intention of troubling Air Chief Marshal Sitthi. He is old now. Mr. Michai Ruchuphan said that we had to take action against Air Chief Marshal Sitthi, because the people believed that he was an honest official. I called him and got him to agree. I feel sorry for him. I am very sorry that I had to punish my old boss. The assassination case is now being tried in court. The problem concerning parliamentary dictatorship is now being solved. That government has been toppled, and a constitution is being drafted. [passage omitted]

Prince Acknowledges Son, Comments on Health

92SE0007A Bangkok MATICHON SUT SAPDA
in Thai 4 Aug 91 pp 10, 11

[Excerpts] At 1800 hours on 25 July 1991, newspaper, radio, and television reporters traveled to Nonthaburi to pay their respects to the Crown Prince on the occasion of his birthday. On arriving there, everyone marveled at the beauty of the grounds around his home and at his collection of miniature trains and his antique cars. [passage omitted]

At the appointed time, the Crown Prince came in and sat down. He told the reporters that he would like to chat informally, because that way, everyone would feel at ease.

"I did not ask you here to answer questions about anything in particular. This isn't really an interview. I asked you here as guests, or friends, so that we can get to know each other. Once people have gotten to know each other and are friends, they can talk with each other. They will each know what the other is like and what their talents are.

"Everyone needs to have friends. After people have become friends, they will associate with and rely on each other. Suppose that we know Mr. A. If we have some job to do, we won't have to say much. Just a nod will be enough and he will know what we want. Having friendly feelings and good intentions toward each other.... I would like to know everyone. But we must first feel at home with each other. I am speaking informally.

"Those whom I meet while working or at ceremonies rarely talk to me informally. Have any of you ever talked with the king informally? The only time you see him is at formal ceremonies. It's difficult to chat informally.

"I want to thank all of you for coming and wishing me well on my birthday. This has made me very happy. I wish all of you much happiness and success. We will have dinner first and then talk. But we won't talk about any specific topic. This will be like a friendly chat among friends. We will just chat and get to know each other." [passage omitted]

Mom Chao [royal title] Chuthawat and Phra Anucha came into the dining room. The Crown Prince turned his head and called to them. He then said:

"My son is now taller than his mother. Time passes very quickly. As he matures, I grow older. I already have many gray hairs. Time keeps running."

As for taking care of his health, the Crown Prince said that he still runs every day. He said that he tries to make this one of his daily tasks. Even when he goes abroad on business, he still finds time to run in the evening.

"I now weigh 72 kg. Being overweight isn't good. If I get a backache or my knees hurt, I know its time to lose some

weight. I am careful about what I eat. I have to run and exercise. Remember, 72 kg is my weight. Don't write that I am 72 years old.

"I did not prepare anything to say today. I want all of you to feel at ease. I flew to Korat this morning and returned this evening. I didn't have time to plan an interview."

A reporter asked him if he follows the news. The Crown Prince said that he regularly follows the news and tries to watch every channel. On the days that he doesn't get home in time, he tapes the programs.

"I watch some cable television programs. I watch after the stations have gone off the air. But I read more than I watch television. Sometimes I stay up until 0200 hours reading."

A reporter asked him about his children. The Crown Prince said that his eldest son is now attending the Sunningdell School in England. The school is located about 15 minutes from Heathrow airport.

"It's summer now and so he is at home. My second son will enter the monkhood in honor of the queen on 10 August. My eldest son has already done that. They are free to study what they want. But they must consider.... All six of my children must return and work on behalf of the country.

"Learning a foreign language will be good for them, because they will be able to communicate with other people in the future. Staying at a boarding school will teach them how to help themselves. That is something they have to learn. At home, they will be with their parents. But by going abroad, they will have to help themselves."

The Crown Prince talked about planning the lives of his children. He said that each child is different. They are free to choose for themselves. But not one of his children wants to have a military career like his father. But the Crown Prince doesn't mind what subject they study as long as it is something that they can use to benefit the country, because they were all born in Thailand.

The reporters then asked permission to interview "On," "Uan," and "Ong." While they talked with his children, the Crown Prince sat next to them and said that they could interview his children first and that it would be his turn next. He said that he would watch and see who got tired first, those conducting the interview or those being interviewed. [passage omitted]

Dissident Sulak Speech Excerpt Published

92SE0005A Bangkok KHAO PHISSET in Thai
9-15 Sep 91 pp 31, 32

[Text] The editor's office is publishing excerpts from the speech given by Sulak Siwarak. But nothing has been added to the text in order to maintain the original flavor and meaning of the original speech.

Comparing Thailand's coup with that of the Soviet Union, the coup in the Soviet Union failed within 60 hours. But six months after the coup in Thailand, there is still no indication of when those in power will leave. Do you see the difference? The difference was discussed at the conference. Most Thais simply aren't interested in democracy. Or to put it another way, even those who organized this meeting did not do things in a businesslike manner in order to generate interest. I don't know if there are any representatives from the NPC [National Peacekeeping Council] here or not. If there are, they are probably smiling to themselves. The NPC will probably stay in power another six years, not six months. By saying that, I am not trying to start a fight with anyone. The reason I said that is because if the NPC had been formed after 1973 or in 1973, tens or hundreds of thousands of people would have risen up and driven it out just as they drove out the despots on 14 October 1973. They did so because they had been close to the dictators Thanom and Praphat for a long time. They felt stifled. They hated the despots just like the Soviets hate the despots there. The peoples of Thailand, Russia, Burma, and other countries feel the same. No one wants a dictator.

It can be said that the democratic movement in Thailand was greatly weakened in the wake of the events of 6 October 1976. It has never managed to recover. The student movement has not recovered. The Student Federation has not recovered and neither has the movement by the students and people. This is an important point. And unless this movement recovers, I am afraid that the NPC will remain in power another six years. This is something worth pondering. The middle class and people at the universities should think about this. I arrived at Thammasat 30 minutes ahead of time. I walked around the campus. I saw only one small poster concerning the NPC. The other posters that I saw concerned such matters as balls, soccer matches and booster events, and other extravagant events just like 20 years ago. Today, Thammasat University has gone back in time 20 years. How can the people take the lead? Students at Thammasat University are mired in extravagant and extraneous matters just like students at other universities. And unless we can raise people's consciousness about this, we won't be able to do anything (pounding the table). That is my first point. We are talking about the retreat of democracy. What is sad is that Thammasat University was one of the important hotbeds of democracy during the time that Pridi Phanomyong taught law and political science in order to raise people's consciousness about democracy. And "democracy" does not mean simply having an elected prime minister. Democracy means:

Respecting the people and having mutual respect for each other. There must be equality. People should not prostrate themselves before cars like the students at Chulalongkorn University and other universities do. When people separate themselves from "status, they become like "tires." There is no better way than this.

When the University of Moral and Political Science existed, there was human equality, a love of justice, and a love of equality before the law. But Thammasat University was separated from this foundation in November 1947. After that, Thammasat University was closed. And when it was reopened, its name had been changed from the University of Moral and Political Science to Thammasat University. It had become a university just like those elsewhere. People wanted to be lords, financiers, and leaders. Remember, 1947 was the year when the democratic movement first began its retreat even though the movement had flourished for 15 years. And during those 15 years, even though there were dictators and a world war, the democratic movement managed to survive. The year 1947 was the first year. That was the year that the military seized power. The military in every period has always destroyed democracy. I want to tell people that the coup of 1991 is no different from the coup of 1947. Compare the five-point statement issued by the National Peacekeeping Council with the four-point statement issued following the 1947 coup. There is only one point that is different.

In 1947, the Thawan government and courts were charged with being corrupt. Field Marshal Phin, or "Big Pa" at that time, felt that the Buick that the government had ordered was better than his. This upset him. And after he seized power..., the Chunhawan family became very wealthy. Later, Chatchai Chunhawan rose to the top and was criticized for being corrupt. A corrupt government was replaced by another corrupt government. The same is true of the NPC today.

At that time, it was charged that the civilian government had failed to clear up the matter of the king's death. It was charged that he had been assassinated. It was charged that Pridi Phanomyong was the one who had plotted the death of the king. But now, it is generally recognized that that was a lie aimed at smearing Pridi. The purpose of that was to subordinate justice to politics. The court sentenced innocent people to death. Similarly, Point 5 of the order issued by today's coup group charges that the government supported the attempted assassination of senior people, including the queen. The NPC seized power six months ago, but so far, I don't think that they have solved this problem. Why hasn't anyone been arrested for the attempted assassination of the queen? They have repeatedly insisted that they will show a video tape. But the truth is, there is no tape. It's the same as in the 1947 case. The military has not had any new ideas in the past 44 years. It has been 44 years since 1947....

But that does not mean that civilians are dumb. The public likes people who have power. Another strong charge made by the NPC was that there was a parliamentary dictatorship. That phrase was not used in 1947. Instead they said that the Sahachip Party and constitutional front controlled parliament and that they had appointed a senate. Actually, the senators had been elected by the MPs. They were not appointed. It was charged that parliament had established the senate. This

is something that has been hotly debated in parliament ever since 1947. The senate should be the senior body. But there is no one in today's parliament who has seniority. Those in parliament today are just...servants. They simply obey the orders of the military. Name one person who has been appointed to parliament who is worthy of praise, who is just, brave, and honest. Can you give me the name of one such person? Are there any such people. If there aren't, then shout "there aren't." (audience shouts "there aren't") If there are, tell me his name. Do you see? Even though MPs [member's of parliament] have been appointed, none of them have the respect of the people. All they do is lie. The latest lie is that political officials have exploited regular government officials, or soldiers. In 1947, things were reasonable, but soldiers did not feel that way. Soldiers felt that civilians hated them. At that time, the Seri Thai group was composed of civilians. They felt that the Navy had an advantage over the Army. A few years after the coup, the Army had the advantage over the Navy. The senior people in the Navy had little power. The Navy was equivalent to just one Army division. Even the Air Force had greater power than the Navy. The Navy was defeated. The Navy, Army, Air Force, and police joined together. And the hero was the Army. The Navy brought up the rear. The Air Force has risen in stature together with the Army. And there may even be a struggle between the Air Force and the Army over the position of prime minister. But that is something that I will talk about some other time. What I want to discuss now is the claim that there is little difference between the 1947 and 1991 coups and the fact that our democratic parliament and constitution began to retreat in 1947. And they continued to retreat until 1957. In 1947, they seized power by claiming that they were upholding the monarchy and that they could....

What I want to say is that democracy was defeated in 1947 and crushed in 1957. The military has controlled political, economic, and cultural affairs. They have used education as a tool. The schools and universities are tools. The events of 1973 were wonderful. That happened as a result of the actions taken by a few students from Ramkhamhaeng and Thammasat universities. But it was the people who could no longer bear the oppressive dictatorship. They had been oppressed for 26 years and so they finally rose up. But after getting rid of the despots, neither the people nor the students could work together. The old feudalists seized power again. MR [royal title] Seni Pramot and others used various stratagems. They used the sangha and other things. We failed to study things and so they seized power. Sanya Thammasak was the rector of Thammasat University at that time. They wanted to have state power. Sanya was the unwitting tool of the system. An important point is that prior to the events at Plapphlachai, when the people rose up, the police had formulated a clever plan to brutalize the people. And Sanya sided with the police. The democratic movement had already been forgotten.

Pui was criticized as being an evil person even though he was one of the few good, honest people in Thailand. He

was almost crushed. Many students had to flee into the jungle. People have forgotten those events. They happened many years ago. Since 1976, everything possible has been done to get students to see the value of Thailand becoming a NIC [newly industrialized country] and get them to value wealth and forget the truth, honor, and humanity. This is the point. This is the point that must be understood. Talking about hope, I have to talk about some other points too. I would like to discuss the five-point statement made by the NPC.

The first point charges that the previous government was corrupt. I think that their charge is true. No one can deny that. People like Montri and Banhan lived in grand style...Suphanburi Province.... Pramuan, the minister of finance, built...at the finance ministry. This is well known. But for the NPC to criticize them is like the pot calling the kettle black. And prior to the coup, what benefits did Big George [General Sunthong] and Big Su [General Suchinda] derive from their trip to Burma? Or did they go there just to have lunch with Saw Maung? And has the NPC done anything about their salaries? Why hasn't anyone said anything about this? What is even worse is that the NPC has formed a committee.... It has appointed Sitthi Chirarot, whom MATICHON has said is just a figurehead. That may be true, but he is not a fair person. Mr. Sitthi Chirarot is the president of the Metropolitan Bank....

Mr. Sithi just came from abroad and doesn't know what the problems are. Those who had money deposited with the Metropolitan Bank have rushed to withdraw their money. (laughs) No one knows anything about these things. A committee has been formed, and Mr. Sithi has full power backed by the law. People have decided to join the Sammakhi Tham Party. Those who refuse to join this party will find themselves in trouble. Krasak Chunhawan, who was not a minister but just the son of the prime minister, has had his assets seized. They are persecuting him. This was not done by people who are responsible for the country or who are maintaining order.

It's true that political officials used their powers to intimidate regular government officials. They did not think that the NPC would bully anyone. But the NPC appointed the secretary general minister of interior. The minister of interior preaches democracy, but at the same time, the appointment of subdistrict chiefs and village headmen is aimed at persecuting regular government officials. They are bullying the village headmen and people at the bottom. Ask them if they have democracy. Today, the NPC has great power. The government doesn't dare do anything that goes against the wishes of the NPC.

They charged that the government was dictatorial, but they are dictatorial, too. They are even more dictatorial than the others. Thus, parliament is filled with people who are looking out for their own interests. Even though people cheated in order to win election to parliament, there were some who showed some promise. But none of

today's MPs shows any promise. Because people of promise won't become members of the committee that is drafting the constitution. None of these scholars, coup makers, or advisers are worthy of respect. Mr. Bunchana Attathakon is the chairman. He is an adviser to the NPC. He wants to become prime minister. Whenever there is a coup, he sides with them. These are the type of people who serve as advisers to the NPC and as senators. These are the type of people who are drafting the constitution. A new constitution has to be drafted.... It will be finished in seven days. (applause)

(Note: The editor's office had to leave out certain sections. If anyone would like a copy of the full text, they can contact the editor's office.)

Activists Accuse Governor of Redbaiting

91SE0374C Bangkok SIAM RAT in Thai 28 Aug 91
pp 1, 16

[Excerpt] [passage omitted] Mr. Banthit Kraiwichit, the deputy coordinator for the 16-member Natural Resources and Environmental Protection Committee, talked with a SIAM RAT reporter on 27 August. He said that the committee has sent a letter to General Isaraphong Nunphakdi, the minister of interior, asking him to investigate the matter involving Mr. Saisit Phonkaeo, the governor of Ubon Ratchathani Province, whom they charge used his power illegally. The letter stated:

Students from the Northeastern Students Coordinating Committee (NSCC) held a "bike-a-thon to protect the Mun River." They rode from Nakhon Ratchasima Province to Buriram, Ubon Ratchathani, and Surin Provinces. Their purpose was to make people aware of the rivers and get them to help preserve the environment. They also want the people to have a role in making decisions concerning major projects of the state. The NSCC received a good welcome from officials in these provinces. But when the students reached Ubon Ratchathani Province, Mr. Saisit Phonkaeo, the governor of Ubon Ratchathani Province, made illegal use of his powers to prevent the students from reaching their destination.

The action taken by the governor of Ubon Ratchathani Province can be summarized as follows: 1. This poses a threat to people's right to express their views in accord with the administrative principles of a democratic country. 2. This violated people's right to travel within the country. For example, he ordered that the students not be allowed to stay anywhere for the night. There were 20 Army vehicles with armed soldiers to control and block the villagers and students. Also, checkpoints were set up to prevent the students from attending the ceremonies organized by the villagers. 3. This interfered with the people's right to hold an exhibition of local works of art whose themes had to do with justice.

Besides this, charges were leveled at the students and people using state mechanisms. That is, the news broadcasting towers in every village in Phibun Mangsahan and

Khong Chiam districts broadcast reports that the students participating in this "bike-a-thon" were communists. Police Lieutenant Colonel Sarot Lakphet, the chief inspector in Khong Chiam District, distributed leaflets attacking the organizers of the environmental exhibit. These leaflets stated that the organizers were communist sympathizers and that the villagers involved were Lao refugees who planned to stir up trouble. [passage omitted]

Columnist on Danger of Mixing Religion, Politics

91SE0347B Bangkok DAO SIAM in Thai 27 Aug 91
p 3

[Column by Nat Kaeoprudit]

[Excerpts] [passage omitted] With respect to the five southern provinces, that is, Satun, Yala, Pattani, Songkhla, and Narathiwat, the political parties tend to agree that religion must be used as a campaign tool. But if religion is used as a campaign tool, the next step will be to elect candidates who espouse that religion.

Anyone can run for election on any platform or policy to develop the locality and the country. But in actual practice, that is not the case, because there are politicians who use religion as a political tool without giving any thought to the security of the country or the development of the people. Thus, the people in this region have divided into factions along religious lines. And every time there is an election, the campaigns are marred by violence.

Politicians are again making preparations, because this is an important time. The political parties are trying to enlist the support of religious leaders. Actually, the only reason why these parties are trying to get the support of these religious leaders, or ideological leaders, is that they want to win more votes. [passage omitted]

Some political parties are destroying the bureaucratic mechanism and administrative system and creating more social factors. The people in these five southern provinces are well aware of which parties these are and how they are campaigning. These political parties are creating serious security problems. This is a problem that will have to be discussed much more, because some people may be trying to benefit personally. They may argue about the meaning of national security. Those who argue about this are often able to marshal good reasons to support their position. They say that national security is not something that can be achieved right away but that it is something to strive for in the future. These people are often very persuasive when they talk like this.

For this reason, I would like to tell every political party and every politician who is thinking about running for election in a southern province that they should give more thought to the country. They should think carefully about using religion as a campaign tool and involving religious leaders in politics. From the outside, they may look honest, because outwardly they hold to

religious tenets. But deep down, they may have other motives. They may be thinking of what to do with others in their group.

Today, there is one political party that is making deep inroads among the people in the five southern provinces. This party plans to do everything possible to ensure that its members are elected. It doesn't care at all about political ethics. This is why government officials there are upset. [passage omitted]

This is worrisome. Steps must be taken to ensure that election campaigns in the five southern provinces are conducted in an ethical manner and in accord with the law. Otherwise, the government won't be able to solve the national security problem.

MILITARY

South African Weapons Purchases Discussed

92SE0002B Bangkok KHAO PHISET in Thai
9-15 Sep 91 pp 24, 25

[Article by Uaiphon Taechutrakun]

[Excerpt] [passage omitted] South Africa gave a warm welcome to the delegation of senior Thai military officers during the period 15-21 June. This trip to South Africa was not publicized, perhaps because Thailand does not have diplomatic relations with South Africa. Because of South Africa's policy of apartheid, Thailand and other countries have implemented trade sanctions against that country. This delegation of Thai military officers was headed by Lieutenant General Khachon Ramanwong, the commander of the Special Warfare Command. The delegation included Lieutenant General San Siphon, the commander of the 1st Army Region, and several other senior Army officers. One officer said that "this country wants to sell weapons in the future."

During their trip to South Africa, the Thai officers met with Lieutenant General George Mering, the chief of staff officers, who took them to plants that produce weapons parts and various types of equipment. But the items that caught the attention of the Thai officers were the G-5 and G-6 self-propelled artillery guns and the Reukat armored vehicle. Besides this, these Thai officers also talked with people from the Armskor Company, which produces some of South Africa's important weapons. They discussed the possibility of selling weapons to Thailand in the future.

It is said that the purpose of this trip to South Africa was to find a weapons market to replace the United States, which cut its economic aid to Thailand following the coup of 23 February. That cost Thailand \$2.2 million that had been earmarked for Thailand's military training program. Thailand can, however, still purchase weapons from the United States using its own money. Thailand has purchased a battalion of tanks, or 53 tanks, for 1 billion baht. They are scheduled to arrive in Thailand at

the end of September. As for high-performance weapons such as F-16 fighter aircraft, Thailand will probably purchase additional aircraft from the United States. One officer said that the purpose of the trip to South Africa by this team of Thai officers was to explore the possibility of purchasing small weapons from South Africa.

Lieutenant General San Siphon, the commander of the 1st Army Region, who was a member of the delegation that visited South Africa, told KHAO PHISET that "this was a personal trip. It was not an official visit. We were invited by a company that serves as an agent for weapons and other goods. About six or seven of us went. But we did not buy any weapons. I don't have any authority to purchase weapons." When asked if there is a chance that we will buy arms from South Africa in the future, the commander of the 1st Army Region said "we have never purchased any weapons from them. Even though they have some very modern weapons, we probably won't purchase any from them, because it would be difficult to obtain parts. But their technology is very advanced. In terms of standards, their weapons are on a par with those produced in Europe." Another officer who was supposed to make this trip but who couldn't go because of official business was Lieutenant General Khasem Kraisan. He told KHAO PHISET that "I did not go, because I was too busy. Those who went and saw the arms market told me that South Africa has many interesting weapons. But we probably won't purchase any from them, because the Army doesn't have the money."

There is a good possibility that Thailand will purchase weapons from this new arms market in the near future. This is because superpowers such as the United States have announced that they will lift trade sanctions against South Africa. As for Thailand, a senior official in the Ministry of Foreign Affairs said that "we are in the process of lifting sanctions against South Africa. This matter has already been submitted to the prime minister. We are considering what the benefits of lifting sanctions will be." However, Thailand still does not have diplomatic relations with South Africa. If weapons were purchased, would that be legal? The response from an official with the Economics Department, Ministry of Foreign Affairs, was that "there has never been any government-to-government trading between our countries. Sanctions have not yet been lifted. Trade is conducted through a third country such as Singapore. The items sold include rice and textiles. If weapons are purchased, that will have to be done in the name of the Thai government. Thus, until sanctions are lifted, that would not be proper. But there is nothing wrong with people in the private sector making purchases." [passage omitted]

General Discusses Reasons for Resignation

91SE0369A Bangkok KHAO PHISET in Thai
19-25 Aug 91 pp 24-27

[Interview with General Siri Thiwaphan, former 3d Army Region Commander, by KHAO PHISET; place and date not given]

[Excerpts] General Siri Thiwaphan is a member of CRMA [Chulachomklao Royal Military Academy] Class 4. He has frequently been commended for his combat skills and qualities as a soldier, and he earned a reputation on the combat and development fronts while serving as the commander of the 3d Army Region. He is an excellent speaker, and he is the author of several novels and other books. His achievements in the administrative field earned him an honorary degree in political science from Si Nakharinwirot University in 1987. As a result of the 1991 military reshuffle, Gen. Siri decided to resign from his position as a general assigned to the Supreme Command. The following is an interview with him about his views on the military.

[KHAO PHISET] When did you first consider resigning from the Army and entering the political arena?

[Siri] I started thinking about resigning when I was posted to Supreme Command. I have served as the commander of an infantry division and as the commander of an Army region. I had work for which I was responsible and work that required me to deal with the people. I got to know the problems of the people. Now that I am away from them, I miss them. At present, I don't have any important duties. I feel that I should be in touch with the people in order to help build a good society and build democracy in order to prevent dictatorial powers from gaining control of our country. I talked with the supreme commander about this. I have great respect and confidence in him. We have worked together, and I have served under him. I asked to remain until he retired and said that I would then like to resign in order to engage in business and political activities. I have made a plan for myself. On the business front, I asked my son to leave his position at the bank and form a cable television company and the Oliving Group House Company, a communications partnership. After everything has been arranged, I will resign my position in the military and become president of the company.

[KHAO PHISET] When did you make these plans?

[Siri] A long time ago. I have planned to become involved in business, because my military career is not going anywhere. That is, I would like to accomplish something. I would like to become involved in business and politics. As for politics, I am close to General Chawalit, and I believe in ideals that call for elections. As for the various obstacles, we can help each other. I have discussed this with him several times.

[KHAO PHISET] What advice did Gen. Chawalit give you?

[Siri] He told me that I was valuable to the Army. But when I was removed from my position as chief of staff to the supreme commander and attached to Supreme Command, I felt that my military career had reached a dead end.

[KHAO PHISET] If you still held a position of responsibility, do you think you would resign?

[Siri] I can predict what will happen in the future. The press knows what is happening. I know very well what is going on in military circles. Thus, I am very sure what the situation will be in the future. That is why I have made preparations.

[KHAO PHISET] Did you foresee this long ago?

[Siri] Yes. A long time ago. I foresaw this when Gen. Chawalit resigned. I was very accurate in my prediction. Thus, I understand.

[KHAO PHISET] After you resign, besides engaging in business activities, on the political front, you will undoubtedly join the New Aspiration Party.

[Siri] That's correct. I have ties to two universities in the north. I am a member of the board of Chiang Mai and Naresuan Universities. I will teach and carry out my duties as a board member.

[KHAO PHISET] What subject will you teach?

[Siri] I will teach political science. At present, I am teaching at the M.A. level. I am teaching courses on administration. I will be busy, because I will serve as president of the company, the Thiwaphan Group, formed by my son. I will also serve as an adviser to other companies. That is, I will work on their behalf and try to better society.

[KHAO PHISET] Will you run for election in the name of the New Aspiration Party?

[Siri] Yes. I will run in Phitsanulok.

[KHAO PHISET] What preparations have you made?

[Siri] I have informed the people in Phitsanulok that I will run for election.

[KHAO PHISET] How confident are you?

[Siri] I don't think it is a matter of being confident. We must let the people decide. But I have talked with people and created a good political atmosphere. I have gone and learned what the problems are. At the very least, I have played a role in strengthening democracy in our country. That is my view.

[KHAO PHISET] Some people have said that your decision, which seems to be quite resolute, was made after the reshuffle. Can you tell us what happened?

[Siri] This just seems to be the right time. Around the end of the year, we will probably have an election. Some people have said that I am dissatisfied with my appointment. I knew what was going to happen when General Chawalit resigned. I knew to what position I would be appointed. I knew at that time. It's incorrect to think that I am resigning because I am unhappy. I knew two years ago.

[KHAO PHISET] Then you were right.

[Siri] That's correct. I was right.

[KHAO PHISET] Were you able to predict what would happen because of what usually happens in the military?

[Siri] Certain things happened that enabled me to predict what would happen. There was the class issue, various ties, and other things. It was like reading Kong Beng in the *The Three Kingdoms*. I knew what would happen. It wasn't beyond anyone's powers to predict what would happen. I think that every soldier knew what would happen.

[KHAO PHISET] With respect to the recent reshuffle, the mass media feels that they will hold power for a long time.

[Siri] That's true. It's a matter of power. Regardless of the people or class, it's a matter of the truth. I am not criticizing anyone. I don't blame anyone. I knew two years ago what would happen.

[KHAO PHISET] As an officer, what are advantages and disadvantages for the Army in establishing power lines like this?

[Siri] I don't like this. I want various classes to play a role. There should be mutual ties and a mixture. That is, we should treat each other like brothers. People should be willing to help each other. There should be close ties to each other.

[KHAO PHISET] Was that ever the case?

[Siri] Yes. But it is no longer the case. I would like to see that again. That is my real feeling.

[KHAO PHISET] What form do you think that would take if that happened?

[Siri] I think that history tends to repeat itself. Events teach people. The situation will gradually improve. Things won't reach rock bottom. Things will happen that will change the situation for the better. That is natural. When something reaches the top, it will fall, and when it reaches the bottom, it will rise. Things happen in cycles.

[KHAO PHISET] With respect to what has happened, many people think that this shows that there is a lack of unity within the military. What is your view?

[Siri] There shouldn't be any problem, because soldiers have respect for their superiors. If we are given an order, we have to carry out that order. Usually there aren't any problems. As for the class issue, I once told officers from junior classes that they shouldn't go overboard. There must be moderation. There must be psychological ties and mutual respect and affection.

[KHAO PHISET] What do you mean by the word "moderation?"

[Siri] By that I mean that we should look after each other with respect to welfare matters, living conditions, and so on. We must help each other. But when it comes to work, the capabilities, qualities, and ethics of people are the important issues. Throughout my life, I have conducted

myself this way. When I served as a divisional commander and as Army region commander, I never thought about class. Everyone under me, regardless of their class, worked together well and supported each other. This is not something real and so why should there be arguments and conflicts? In the end, each person will have to retire. We will all die some time. Thus, while we are alive, we should do our best. We should have good relations and mutual respect. This is a very important issue. I have tried to do this throughout my life. I may not have done as well as I would have liked, but I have done a good job. [passage omitted]

[KHAO PHISET] In your view, what are the roles of the military and politics?

[Siri] I don't want the military to interfere in political matters. I want the military to do its duty. As for politics, those involved in politics should improve the political apparatus by themselves. If the MPs [Members of Parliament] are not good, then new ones should be elected. This will improve the apparatus. Coups are very outmoded.

[KHAO PHISET] But some people say that our country lacks qualified politicians.

[Siri] We have not allowed them to act. We have staged coups so often that politicians have not had a chance to grow. If we give them a chance to use their abilities and talents and allow the situation to adjust by itself, things will improve. But Thais are impatient. We must show greater patience and allow the situation to adjust on its own. The developed countries use political measures to change the situation. They don't use military force.

[KHAO PHISET] Coups cannot solve the problems, is that right?

[Siri] That's correct. Because as our country develops, the country's administrative apparatus will have to use everything possible. Everyone in the country will have to work together for the benefit of the country. We will have to use everyone in the country and not just the military. Everyone will have to work hard. The problems are too complex for the military to solve by itself. The problems are too diverse. This is why I am opposed to coups.

[KHAO PHISET] How long have you held this view?

[Siri] Ever since I was a junior officer. I have never changed my view. I have said the same thing whenever I have spoken or given a lecture. I have not changed my view.

[KHAO PHISET] Why are you so close to Gen. Chawalit?

[Siri] We hold similar views.

[KHAO PHISET] Does that mean that Gen. Chawalit is opposed to coups?

[Siri] That's correct.

[KHAO PHASET] What about General Sunthon Khongsomphong?

[Siri] I haven't discussed this with him. But I have talked with Gen. Chawalit.

[KHAO PHASET] What implications does the reshuffle have for who will hold power in the next seven years?

[Siri] This will not be good for classes 11 or 12. Actually, there are some very talented people in those classes who have the ability to advance. But if we press power on them and so on, that will spoil them. That will not be good. We will spoil them. We must let them walk on their own. They have ability. I know these people very well. They have great capabilities. They must be allowed to grow on their own. They must struggle on their own. They must get to know their superiors and juniors and forms ties. That is the way for the Army to survive.

[KHAO PHASET] Your class, which was by-passed, must feel some ill-will.

[Siri] Definitely. Definitely.

[KHAO PHASET] This could lead to things being suppressed.

[Siri] I don't want to think about that. I have warned many people about this. I have said that everyone must be allowed to take pride in the progress that they have made on their own rather than being moved up because of their class. People must move up on their own, that is, because of their abilities. I know that CRMA graduates are proud. They are capable people. It depends on whether senior officers spoil them. They have great talent. I know these junior officers very well. Senior people should not spoil them.

[KHAO PHASET] Have senior people been spoiling people like this for a long time?

[Siri] It's a vicious circle. This started a long time ago. But things have been better during certain periods. This tends to be self-correcting. But every so often, this arises again. [passage omitted]

[KHAO PHASET] What will the roles of the minister of defense and the prime minister be with respect to the military?

[Siri] I think that Thai society is a society of compromise. I think that they will have to meet each other half way. The military will have to reduce its role and focus more on its own duties. We are very backward, because we have become bogged down in arguments. Take neighboring countries such as Malaysia and Indonesia, for example. In the past, their investment environment could be rated as A-. Now it is an A. We had an A, but now we have an A-. We have to think about this. I want everyone to pay attention to things and consider what our country will be like in five-10 or 20 years. What will our economic structure be like? We must formulate plans for maintaining our interests. I don't like to see people

arguing. It is not my intention to criticize Class 5. I am not criticizing anyone. I am just giving you my personal views. My views on this have never changed. I have held such views ever since I was a junior officer. [passage omitted]

[KHAO PHASET] Are you worried about the military?

[Siri] Certainly. If I weren't, I wouldn't say anything.

[KHAO PHASET] But the situation is not black, is it?

[Siri] If things reach a certain point, steps will have to be taken to correct the situation. But I think that the situation will reverse itself before it reaches a critical point.

[KHAO PHASET] Are you sure that the prime minister will be an elected prime minister?

[Siri] I think that that is the democratic way. We have stipulated that the prime minister must be elected. If he is not elected, that will be the end. Two factions would arise.

[KHAO PHASET] Then in your view, the period of appointing prime ministers has come to an end.

[Siri] I think so.

[KHAO PHASET] Is a "dynastic" system again coming to the forefront in Thai society?

[Siri] I am worried that power is not fixed. Those with real power must have the confidence of the people. Trust is real power. Thus, if we use a "dynastic" system or system of "sponsorship," someday it will come to an end. Once it reaches its zenith, it will have to fall.

[KHAO PHASET] Even though the loopholes have been plugged for the moment, that is no guarantee for the future.

[Siri] That's correct. It depends on what people think in building a power base. If people oppose this, things will continue to build up until there is an explosion, as happened on 14 October. That could happen. [passage omitted]

[KHAO PHASET] Would you say a little more about the issue of classes, which you consider to be a problem?

[Siri] I have constantly told them not to use class as a factor in building power for their group. If we consider only our own class, other classes will be left out. Instead, we should promote the talented people in other classes. There are strong psychological ties in school. But this is disappearing.

Kaset Updates Air Force Modernization Plans

92SE0002A Bangkok LAK THAI in Thai 9-15 Sep 91
pp 24-26

[Excerpts] [passage omitted] Air Chief Marshal [ACM] Kaset Rotchananin informed Air Vice Marshal Phanlop

Thawonnan, the secretary of the Air Force, that his policy is to hold a press conference once every two months. A senior Air Force officer will inform the press about matters having to do with the Air Force without disclosing any classified materials. [The first press conference was held on] 5 September at the Thupatemi auditorium, Flight Training School, Kamphaengsaen District, Nakhon Pathom Province, following the graduation ceremony for members of flight school Class 88. [passage omitted]

As for pilots who have been trained to fly jet aircraft and who are capable of flying the F-16 aircraft, the Air Force has purchased an additional 20 PC-9 training aircraft from Switzerland so that the Flight Training School will have enough training aircraft. This shipment of aircraft will be delivered this year. As for parachute training for RTAF [Royal Thai Air Force] security forces, the training has been moved from Don Muang to Kamphaengsaen. Kamphaengsaen will also be an agricultural training center. The Air Force's policy is to have the various wings make use of the fallow land by planting economic crops.

The RTAF CINC [Royal Thai Air Force Commander in Chief] said that with the present air surveillance system, the Air Force can monitor only the eastern and north-eastern regions. It can't monitor every area in the north or south. Thus, the Air Force has discussed setting up another radar station in Phuket Province. This radar station will have a surveillance radius of 200 miles. It will monitor the Andaman Sea.

As for aircraft, the Air Force has been allotted budget funds to purchase another flight, or 18, F-16 A/B aircraft. This is now being discussed with the U.S. Department of Defense. This will be an FMS, or government-to-government, purchase. We will know by the end of this year what the United States will charge for each aircraft. There are also plans to purchase additional light attack aircraft and four additional C-130 cargo aircraft for the 6th Wing. At present, this wing has eight such aircraft. By buying another four aircraft, the wing will have a full flight, or 12 aircraft. There are plans to buy another flight of aircraft to replace the BJ-3, or OV-10 Bronco, aircraft, which will be demobilized.

ACM Kaset said that the Air Force plans to purchase a high-performance electronics surveillance aircraft. But the Air Force does not plan to buy Awak aircraft, because these are too expensive. Instead, it may purchase an Early Warning Airborne aircraft to monitor our airspace. ACM Anan Klintha, the deputy RTAF CINC, is the person responsible for this.

ACM Kaset Rotchananin let ACM Suthep Theppharak, the secretary of the Air Force, who is responsible for purchasing aircraft and weapons, explain the details. ACM Suthep said that the main plan that is now being implemented is to purchase another 18 F-16 A/B aircraft, which will give us two flights of these aircraft. Our present flight of F-16 aircraft is assigned to the 1st Wing

at Nakhon Ratchasima. This new flight of F-16 aircraft will be assigned to the 4th Wing at Takli in Nakhon Sawan Province. The Air Force also plans to buy another four C-130 Hercules aircraft, which will make a total of 12 such aircraft, and another flight of aircraft to replace the BJ-3, or OV-10 Bronco aircraft.

As for this plan to modernize the Air Force, besides the interview given by ACM Kaset Rotchananin, the RTAF CINC, a senior Air Force officer told LAK THAI that it will cost at least 30 billion baht to implement this plan.

It isn't yet known how much the U.S. Department of Defense will charge for the F-16 aircraft. But the price will certainly be more than 10 billion baht. By purchasing these aircraft on an FMS basis, Thailand will pay the U.S. Department of Defense in installments. It isn't known how much money the U.S. Department of Defense will budget for this.

As for the plan to build a radar station in Phuket Province and purchase an Early Warning Airborne surveillance aircraft, that will cost at least 15 billion baht.

These targets depend on financial support from the government. Funds will be allotted on a yearly basis instead of providing the funds all at once.

ECONOMIC

Cambodia Border Trade Boom Starts

91SE0379A Bangkok SIAM RAT SAPDA WICHAN
in Thai 4-10 Aug 91 pp 12, 13

[Excerpts] For almost 15 years now, the border area at Khlong Luk in Aranyaprathet District, which is opposite Poipet in Cambodia, has been the site of defense troops on both sides of the border. Even though there has been some contact, such contact has been on an informal basis. On 15 June 1991, this area was authorized to serve as a border trading point between the peoples of our two countries. [passage omitted]

Some people sold their houses and land and went to live elsewhere. Those who remained had to face the dangers of war, because the fighting between the four Cambodian factions often spilt over into Thailand. The opening of this transit point has clearly benefited the people in this area as a result of the improved economic situation. Many new jobs have been created. This includes working as rickshaw pullers, who transport people who don't want to walk in the mud. They transport them from the parking lot in Ban Khlong to the border. There are more than 100 of these rickshaws, and each one earns at least 100 baht. "It's better than working in the fields," said the owner of one rickshaw. On the weekends, they may earn up to 400 baht a day. Those who drive samlor, or "sky labs" as the local people call them, earn an average of about 1,000 baht a day, and on the weekends that can earn more than 1,000 baht.

During the one month that the Khlong Luk-Poipet transit point has been open, at least 500 tour buses and cars a day have arrived and parked in the parking lot. And on the weekends, up to 1,000 vehicles have arrived, said Mr Atsawin Aphaiwong, a businessman who obtained a five-year lease on the parking lot from the provincial administrative organization.

At least 5,000 tourists come here each day. On the weekends, the number increases to more than 10,000. Both Thais and Cambodians have permission to cross the border and travel as far as 3 km into Thailand or Cambodia during the hours of 0800-1600 hours. They can request a temporary transit pass, for which the fee is 5 baht per person. Even though Thailand is suffering a trade deficit, over the long term and in terms of the overall benefit, this has helped improve the economy in the area. Cambodian police, military, and customs officials will set up a checkpoint to collect taxes, or "tache" fees as these are called. Officials estimate that approximately 4-5,000 baht a day will be collected from Thai merchants and Thai customers. It is roughly estimated that trading activities by the two sides, which includes the use of labor in the area, have a value of more than 10 million baht.

Mr. Phonphon Ekkaanthaphon, the owner and manager of the Tang Luam Rung Limited Partnership and the owner of a building complex in the Khlong Luk market area, said that the company's 46-room building was built before the border was closed and was left abandoned for a long time. It was just repaired and improved last year. Previously, each space sold for 350,000 baht, but now the price has increased to 700,000 baht. And all of them have been sold. The company plans to build another 96 spaces.

In the past, land sold for 100,000 baht per rai, but now it is selling for 500,000 baht per rai. As a businessman and land owner, Mr. Phonphon said that during the initial period after the border is opened, Cambodia will benefit more than Thailand, because Thais will buy more goods than they sell. But in the future, we stand to benefit greatly, because Thai goods will have a chance to dominate the Cambodian, Vietnamese, and Chinese markets. We are competing with neighboring countries. Businessmen from Singapore, for example, presently have the advantage over Thai businessmen in these countries.

"We are coordinating things in an effort to stop the fighting there. But in business, we are behind Singapore. This is very unfortunate. But it isn't too late for us."

Today, about 2 km from Aranyaprathet on the way to Taphraya, construction on a first-class 158-room hotel costing 50 million baht has almost been completed. This hotel is scheduled to open by the end of this year. Besides this, several medium-sized bungalow complexes have almost been completed, and some have even opened for business. The houses at various housing development projects were all sold even before construction got underway. Several tourist companies are looking into the

possibility of offering package tours to Angkor Wat and Angkor Thom, which are places that people throughout the world dream of visiting. Even though no official government-to-government negotiations have been held, investors are expecting a breakthrough in the near future.

Aranyaprathet will certainly be the best place to stay. Because the distance from Aranyaprathet to Siem Reap (Angkor Wat and Angkor Thom) is only about 100 km. Tourists can leave in the morning and return in the evening. And this is the most convenient border transit point.

An important problem today is that local businessmen are not used to engaging in international business activities or to handling major investment deals. Thus, things are still unclear. Everyone is studying things and looking for ways to expand operations. Surveys have been conducted by the Telephone Organization, representatives from the Ministry of Foreign Affairs, and businessmen from Trat. They are all looking for new places to trade now that Thai-Cambodian border trade between Kong Island and Khlong Yai has declined. Various representatives and private businessmen and, most recently, a national-level consumer goods production company have become interested in producing goods for Indochina, a new market.

But one major concern is the utilities system, which includes water, electricity, and telephones. If permanent markets are opened, this system will not be able to serve all the people coming here. "More than 1,000 people have put in a request for a telephone. But to date, only 500 lines have been authorized."

Tap water is another major problem, because most of the water used today comes from wells. Even though private businessmen in Aranyaprathet have asked provincial officials to take action on this, so far, nothing has been done.

It's not just Thais who are excited about what is happening. Cambodians are excited, too. Mr. Ban Li, the customs checkpoint officer at Poipet said that since the border transit point opened a month ago, businessmen from Phnom Penh, Sisophon, Banteay, Meanchey, Battambang, Siem Reap, Kompong Thom, and Pursat have come to trade along the border. Stalls on the Poipet side of the border used to sell for 40,000 baht, but now, 1 month after this border point was opened, stalls are selling for up to 100,000 baht. But on the Thai side, similar stalls sell for only 30,000 baht. [passage omitted]

Reports state that approval has been given to import timber from Cambodia. Operations should get underway around next March. Four of the 10 companies that requested permission have been granted authorization.

"This will be reviewed again before the NPC [National Peacekeeping Council] is disbanded."

During the time of the Chatchai administration, security officials "put the breaks" on importing timber. Permission to import timber was given only recently. Administrative and security officials still disagree about opening border transit points. Thus, this is something that higher echelons will have to review. And they will have to ensure that this really benefits the people as a whole rather than just a few influential people. Because the peoples on both sides are helping and busily engaging in trading activities. The memory of war is fading, and the battlefield is turning into a marketplace.

Banker Questions NESDB on Financial Goals

92SE0006C Bangkok SIAM RAT in Thai 16 Sep 91 pp 1, 16

[Excerpt] [passage omitted] Mr. Phisan Manosikun, the senior manager for economic research, Thai Farmers Bank, gave a speech on the topic "Financial and Monetary Analysis." This was one of the topics covered during the debate on "The Seventh Economic and Social Development Plan and Thailand's Economy." This debate, which was organized by the Graduate School of Business Administration, Chulalongkorn University, was held on 14 September. He said that the economic forecasts presented in the Seventh National Economic and Social Development Plan are at odds with present trends. An example is the goal of increasing savings at a time when income is not rising. And there is the problem of the current account deficit, which must be solved by exports. But the target calls for a lower rate of expansion.

Mr. Phisan said that the Seventh Development Plan calls for a savings rate of 32 percent as compared with 28 percent in the sixth Development Plan. This is a great disappointment when compared with the potential on other fronts.

Mr. Phisan said that if savings are to increase, incomes must increase, too. But in the present economic situation, the incomes of the people are remaining relatively stable, and expenditures are increasing. Thus, it is doubtful that we will be able to hit that target.

Besides this, the current account balance is something that will have to be monitored closely if we want to maintain economic stability and hit the targets set. In the past, the current account deficit has been quite high, which is a sign that we are spending too much and that revenues from the services sector, such as tourism, are declining.

Solving the current account problem will require promoting exports. But what is surprising is that the Seventh Development Plan calls for increasing exports by only 14 percent as compared with the sixth Development Plan, which called for increasing exports by 30 percent. Thus, people are wondering just how the current account deficit will be reduced.

IPR Office at Commerce Ministry Discussed

92SE0006A Bangkok SIAM RAT SAPDA WICHAN in Thai 15-21 Sep 91 pp 16, 17

[Excerpt] [passage omitted] Of the various government units, the Ministry of Commerce is one of the organizations whose role has changed very rapidly and that has managed to keep up with the changes. This is clear from the changes in the role of the ministry on several fronts, changes that the ministry has made in keeping with the free trade line and policy of the government.

At the same time, the Ministry of Commerce is aware of the need to change its work structure in order to keep pace with the economic changes that have taken place in the world.

The idea of establishing an Intellectual Property Division within the Ministry of Commerce arose because the undersecretary of commerce, Mr Phachon Isarasanao, understands the changes in Thailand's economic structure. Thailand depends on exports and is making adjustments for becoming an industrialized country. Because of this, we must improve our system for protecting intellectual property.

Today, the protection of intellectual property is an important tool in the world trade arena. Developed countries such as the United States and the European Community are using this as a tool to put pressure on other countries. They are doing this by going through GATT and by applying pressure directly. The United States, for example, has named Thailand as a priority foreign country based on Article 301 of the U.S. Trade Law.

At the same time, providing adequate protection for intellectual property is an important factor in promoting investment in Thailand. This is because both domestic and foreign investors want guarantees that their investments in the production of certain goods will be adequately protected by the state and that their rights will not be infringed on.

In order to ensure that the policy on protecting intellectual property is implemented in a systematic way instead of allowing this to be handled by many units, which view the problems differently and which have a different understanding of the principles involved, people are now seriously thinking about establishing a central unit that will be responsible for this.

According to the structural plan of the Intellectual Property Division, the Ministry of Commerce will take trademark and patent activities away from the Department of Commercial Registration and take copyright activities away from the Fine Arts Department and combine them in one unit. There are also plans to expand this to include protecting computer programs, microchip trading secrets, and related rights. This will help unify Thailand's line on developing and improving its intellectual property system and help make it more efficient.

This plan has already been approved by the government's Economic Refinement Committee. It is now being considered by the Civil Service Commission and the other units concerned. But it now appears that there will be problems, because there has been an adverse reaction by the Fine Arts Department, which doesn't want any of its responsibilities taken away from it.

At present, the copyright activities handled by the Fine Arts Department have to do only with copyright information. This work is handled by four or five officials in the Literature and History Division, and most of the work centers on disseminating information about artistic matters. It really doesn't have much to do with commercial activities, which is what other countries are concerned about.

This is clear from the steps taken to resolve the issue of foreign song and motion picture copyright violations. This reached the point where Thailand was charged with being one of major producers and copiers of international songs and motion pictures. Thailand was charged with selling pirated works on a large scale, but the Fine Arts Department paid little attention to this.

It is the Ministry of Commerce that is responsible for solving these problems. It is the Ministry of Commerce that has had to ask for the cooperation of the units concerned, including the Police Department and the Department of Public Prosecutions, in order to take tougher action against those who violate copyrights. The Fine Arts Department has played hardly any role in this at all.

Even though the Fine Arts Department has raised the issue of artistic matters as a reason for keeping this work within the Fine Arts Department, the real reason why the Fine Arts Department doesn't want this turned over to the newly-established Intellectual Property Department has to do with "prestige." Even some deputy directors-general have said that this has been under the control of the Fine Arts Department for more than 60 years. Allowing this to be taken away from the Fine Arts Department now would be a great "blemish" on the Fine Arts Department.

The feelings expressed by officials in the Fine Arts Department are nothing but a matter of "prestige," which is something that is deeply embedded in the Thai bureaucracy. This is particularly true of officials in uniform, who continue to adhere firmly to the idea of "prestige." It's the same as in the military, which has its Class 5 and Class 7, and in the Ministry of Interior, which has its "Red Lions" and "Black Lions." This is very sad for the Thai bureaucracy, which continues to act like a "dinosaur."

Analyst Discusses Commerce Minister's Performance

Personality, Drug Patent Issues Reviewed

91SE0377A Bangkok SIAM RAT SAPDA WICHAN
in Thai 21-27 Jul 91 p 18

[Article by Mr. Wanit: "Amaret: Stop!! Ask Yourself First"]

[Excerpts] Amaret Sila-on may be a person of "karma" who must serve his karma, as he himself told reporters, because for the entire period of the three terms that he has had the opportunity to hold the position of minister of commerce, he achieved results only in the initial period. What he accomplished then was excellent, but his performance has only been "average" since. His image has been like stock prices recently-dropping constantly especially when he returned to the position for a third term in the government of Mr. Anan Panyarachun.

Of the various problems overwhelming Amaret he brought most of them on himself. This could be seen in his failure to try to understand those around him. On the other hand he demanded that those around him understand him. Simply put, Amaret's most serious weak point was that he relied on himself alone until he was "overwhelmed."

It is surprising that although Amaret often "preached" to the reporters at the ministry about his interest in religion and about the meditative position and his search for tranquillity, it appears that his initiatives will fail because he still does not know himself. [passage omitted]

If someone who knew Amaret were asked what sort of person he was, they would confirm what everyone says and that is that he has a great deal of self-confidence, which is actually a good quality for an administrator. But the limit of one's self-confidence must be the point where one becomes "overwhelmed."

Therefore when he came back to his position this last time, Amaret was "mistakenly" confident. He wanted a one man show because he was confident that he could handle the "work" of the Ministry of Commerce.

But the effect of his working alone meant that progress was slow, and Amaret was repeatedly attacked from all directions because in addition to not achieving impressive results, various tasks ran into trouble. [passage omitted]

Many observers have tried to analyze the reason why Amaret decided to run a one man show. Initially it was because he was confident that he could take care of the basic problems of the Ministry of Commerce, in particular, the price of goods, the problem of cement, and the problem of trade with the United States. But in fact this was not as easy as he thought.

The reason for his failure was not because he adopted incorrect policies. Many of the approaches he took to

correct the situation were "correct." It was just that he stuck too close to "theory" and disregarded the details. Some of his work on the details was weak especially with regard to coordinating work with other involved units. This was the cause of the "hangover" afterwards.

Amaret was an administrator who believed in the policy of free trade. This was not a mistake because every day the direction of world trade indicates that this is a correct policy which allows everything to be controlled by the market mechanism. However everything has to be done in order. Timing is key because as long as the condition of the Thai society and economy is weak and bargaining power is held by only a few, allowing complete freedom will only bring "destruction."

In his three terms in this position, aside from his being able to take care of the problem of the lack of cement without any trouble, he has failed almost completely to solve the problem of people in general making a living. [passage omitted]

With regard to the problem of international trade, especially with the United States, he has failed completely to reach an understanding with people in general about the strategy for talks with the United States.

In addition to his not being able to "clarify" why it was necessary for Thailand to take care of the problem of "patents for medicines", he has also failed to reach an understanding with opposition groups about his being held in contempt for "selling out the nation."

Even though this opposition began to "die down" after Prime Minister Anan announced his position clearly on these matters, this situation could explode again any time.

Amaret's sudden decision to ask for an assistant minister was very much a "surprise" because his justification for this was that he wanted someone with whom to divide the work especially regarding the problem of exports. It would appear that this is not quite true.

In addition, he chose Pridiyathra Thewakun (MR) [Royal Title], a former government spokesman, for the position. Most people felt that the real reason for this appointment was that Amaret wanted someone with experience who had good relations with the media as a "buffer."

With this sort of game being played, Amaret's image fell even further because it confirmed the impression of the media that he was not a politician "with his feet on the ground" and so it was not surprising that he became the target of heavy criticism and that well-known columnists urged him to leave his post to study Buddhist ethics if that is what he wanted.

As for Pridiyathra it was felt that his position would become that of a spokesman for the Ministry of Commerce, which might help to reduce the attacks on the work of the ministry somewhat. But coordinating work

with Amaret was something many people were not confident would be successful.

Although Pridiyathra's character was that of a conciliator, there was a good chance that when he was providing information to the media, the media would crowd around him rather than Amaret, and this would lead to problems in his work.

Pridiyathra was not a facilitator who could improve everything. What was most important was for Amaret to find himself and try to bring himself to meet with those around him more often and be less stubborn. And he had to listen to criticism in order to improve his performance.

What was of most concern, however, were indications that Amaret was beginning to "withdraw." This had reached the point that he had repeatedly mentioned that he was thinking of leaving.

It would be very unfortunate if Amaret could not bear the pressure now and let his mood affect his decision-making powers in the manner that he has often demonstrated because in addition to not having been able to improve anything yet, he probably would not gain anything by returning to meditation.

As long as he cannot find himself, it will be like this....

Failure To Control Domestic Prices

91SE0377B Bangkok SIAM RAT SAPDA WICHAN
in Thai 25-31 Aug 91 p 17

[Article by Mr. Wanit: "The Last Time for Amaret"]

[Text] Frankly I am beginning to "lose hope" for the minister of commerce, Amaret Sila-on, because the longer he works, the more "lost" he becomes in every way so that now he cannot find his way.

It has reached the point that he does not appear to understand the simple reason why almost everyone is attacking only him in this government.

Mr. Amaret is probably the only person who thinks that he is being attacked from all sides because of "high prices." Some day I will write a major account to correct this assertion.

Some technical figures have been selected by the Department of Business Economics to show that inflation was not as severe as has been said in criticism. These figures showed that the consumer price index last July did not rise but fell 0.4 percent from June so that the consumer price index in the last seven months gained only 5.9 percent compared with the same period last year.

In addition it was estimated that the consumer price index this year would gain only 5.5 percent because normally in the last half of the year the prices of goods tended to soften.

It was unfortunate that the picture Amaret presented, although correct, was limited. He did not analyze other details which he might have overlooked or might not have been interested in even though the data which was attached to his statement obviously "contradicted" him.

Since the end of last year the Department of Business Economics has been improving the method for calculating the consumer price index. They changed the base year to 1986 to make it more up to date. Based on the data up until July, the index for all categories of goods stood at 125.2. It did not take difficult analysis to see that this meant that prices in general had risen 25.2 percent in the last five years.

If one considers the food and drink group, which makes up 41.7 percent of almost half of the cost of living of the average person, the increase is clear because this index has risen to 133. This increase is especially true of prepared food, or more simply, curried rice.

The prices in the markets of Bangkok, without checking the prices of the S and P markets of the minister, have risen that much. If the prices of the S and P markets were also included, the increase would be much more.

Even though these are government figures which many people do not have much faith in, they are still "contradictory." So it is not difficult to see why the villagers at the Chong Khao store grumble and why the whole country grumbles about "high prices." But it is strange that Amaret thinks this is a matter of "opinion."

You have to admit that prices have risen. The Thai people like someone who admits the truth. Do not think of "Big Te" as an example. It is sufficient to say that you are ready to be prime minister when they ask you to be and people admire you throughout the country.

Actually the problem of "high prices" will not "herd" the opinion of villagers much as long as the income distribution is not as unequal as it is today. But if you are living from hand to mouth or you are a government official, today's prices are unbearable.

The best method would be to do what one could to reduce the burden so that people with low incomes did not have to pay the high prices of today. The "blue flag" project of Mr. Amaret contains ideas which could be experimented with; they look like they might work. But I suspect that when these ideas are actually tried, they will be like past ideas or will be ideas such as having "children sell curried rice."

When he got past his problem with high prices, instead of becoming popular again, he went into "deficit" again. Amaret "lost" ignominiously in his attempt to announce his achievements with exports.

He selected estimates for exports for the first half of the year and happily announced that exports had risen to 338 billion baht, an increase of 20 percent compared

with the same period last year. He also expressed confidence that exports would exceed the goal of 690 billion baht set at the beginning of the year by a little - 6 billion baht.

Although this success cannot be denied and is something to be happy about, how much did the Ministry of Commerce have to do with this success?

[This government] did have to provide credit for Thai exporters struggling to export. But it was the government of General Chatchai Chunhawan which must receive the credit because it played a large role in reducing the restrictions on exports and provided investment for the production of goods for export. This allowed there to be many more goods for export instead of relying on just a few basic goods as in the past.

But we should wait until the end of the year before we judge the accomplishments of the government of Prime Minister Anan Panyarachun and Amaret. If the export figures actually meet the goals then they can "brag" of their "skill."

Amaret should not "assume" that these are his accomplishments alone. And when reporters ask about import figures and the balance of trade if he is not prepared and just wants to talk about his accomplishments, he should say so and not get in a "bad mood." This went further with the reporters, and he said: "What makes you think you know so much." That was "nice."

The reporters were asking questions because they wanted more information. They were not just thinking about exports and overlooking the rate of increase of imports and the balance of trade, which was causing concern because it was expected to show a deficit of 290 billion baht.

Reporters are not just "mouthpieces" to be used when the minister wants to disseminate information beneficial for himself and scolded when they ask questions not on the "script."

If he keeps on like this, it will be in his next life that the minister "comes to terms" with the press. (I did not say this. Another reporter who disapproved of him said it).

Note: At this time I feel very "negative" about Mr. Amaret. Therefore starting with our next issue, I will stop my criticism of him for a time in order to go to the "mood bank!"

Editorial Cites Students on Inflation

*9ISE0379B Bangkok SIAM RAT SAPDA WICHAN
in Thai 28 Jul 91-3 Aug 91 p 2*

[Editorial: "High Prices"]

[Excerpt] Last week, the leader of the Ramkhamhaeng University Satchatham Party and a number of student representatives submitted a letter to Mr. Omret Sila-on

asking the Ministry of Commerce to take urgent action about the high price of goods. The substance of the letter was:

Following the coup on 23 February, the people had hoped that living conditions would improve as compared with prior to the coup. The National Peacekeeping Council [NPC] issued Announcement 15, which has the force of law, prohibiting the hoarding of goods and prohibiting price increases. Those who violate this law can be punished harshly. Also, the price of fuel oil was lowered. The NPC also issued Announcement 50 in order to lower the price of necessary consumer goods. The Ministry of Commerce was made responsible for implementing this.

It has been five months since these announcements were issued, but the price of goods has clearly risen. This includes the price of consumer goods, particularly foods such as fresh vegetables and pork. The price of some items has increased six-fold. Cowpeas, for example, used to cost 8 baht per kg, but they now cost 50 baht per kg.

Even though it was only a few students who complained about the high price of goods, we feel that this is the feeling of people in general. But the truth is, the prices of goods on the markets, including necessary consumer goods, have all increased. Unless the government takes steps to solve this problem, popular unrest will become a serious problem, because this is a problem that affects the "stomachs" of the people, particularly low-income people and poor people, who make up the majority of the people in the country. [passage omitted]

Warner Brothers Loses Copyright Violation Case

92SE0006B Bangkok NAO NA (LOK THURAKIT SUPPLEMENT) in Thai 14 Sep 91 pp 7, 8

[Text] The court has dismissed the case involving copyright violations of the foreign motion picture "Above the Law." On 13 September, the Criminal Court rendered a

verdict in the case between the Warner Brothers Company, which is a legal juristic entity based in the United States and which designated the Thippo Company Ltd. to serve as the plaintiff, and the A.V.S Video Service Company Ltd., defendant No. 1, Mr. Kitcha Tawetthiphong, defendant No. 2, Mr. Praphat Amphaiwit, defendant No. 3, Miss Prani Thanaphokhakun, defendant No. 4, and Mrs. Woraphon Tawetthiphong, defendant No. 5.

The plaintiff charged that it owned the copyright to this movie. It stated that advertisements for this movie had appeared in the United States on 8 April 1988 and 3 March 1989. But defendants 2, 3, 4, and 5 obtained the video and sound tracks and made video recordings that were advertised in the store of defendant No. 1, thereby violating the plaintiff's movie copyright. They rented and sold copies of the movie to customers. The plaintiff filed a complaint with investigation officials and had evidence seized from the store of defendant No. 1 in Bangkok.

The plaintiff asked the court to punish the defendants in accord with the 1978 Copyright Act and turn over the picture and sound tracks to the plaintiff. At the same time, it asked that the defendants be required to pay a fine to the defendant, the owner of the copyright, because the United States and Thailand both signed the revised Berne Convention on 24 July 1981 in Paris. Both countries agreed to protect the copyrighted works of the other signatories of this convention.

However, the court, in rendering a verdict in accord with this act, said that this movie can be granted protection under the Copyright Act only if American law affords protection to works covered by the Berne Convention just like Thailand's Copyright Act. It is up to the plaintiff to prove that American law affords protection to works covered by this convention. In short, the defendant did not prove that American law affords protection to works covered by this convention. The plaintiff did not prove its case and so this movie is not protected by this law. Thus, the case was dismissed.

POLITICAL

Vo Van Kiet's Speech at Minh Hai Party Congress

922E0013A Hanoi NHAN DAN in Vietnamese
13 Sep 91 p 3

[Text] As NHAN DAN reported, during the period 27-31 August, Minh Hai held a party organization congress, second round. Vo Van Kiet, a member of the Politburo of the CPV [Communist Party of Vietnam] Central Committee and chairman of the Council of Ministers, gave a speech at this congress. This important speech is of value not only in providing direct guidance to the Minh Hai party organization but also in providing general guidance for all provinces with similar circumstances. On behalf of the Politburo and the Council of Ministers, Vo Van Kiet discussed the achievements that the party organization and people of Minh Hai have achieved. He also evaluated the economic and social situation in a scientific way and pointed out economic and social development guidelines and measures for the coming period. We would like to introduce the ideas expressed by Vo Van Kiet that touch on a number of social problems, scientific and technical work, and cadre work.

A Number of Social Problems

The party's seventh congress gave particular attention to the social problems and to solving the social problems that are related to economic problems. Because developing the economy is, in the final analysis, aimed at maintaining and improving the people's standard of living in all respects. It must be clearly stated that in a market economy, differences in levels of income are hard to avoid, but the leadership is responsible for finding ways to reduce the irrational gaps and, in particular, for looking after the targets in the policy spheres. We are encouraging people to become wealthy legitimately. We are not restricting people. The state will ensure that people can carry on business activities in accord with the law. But in our system, the state has implemented policies in order to help those who lack means and strength so that they, too, can engage in commercial production and to reduce the number of people living in poverty.

The documents presented at the congress have mentioned many per capita indexes concerning grain yields, the value of exports, electricity, the number of doctors and students per 10,000 people, and so on. But I want to make one point: We cannot rely just on average figures but must go deeply into each district, village, hamlet, and household. I want to focus on the people living in remote areas, in the ethnic Cambodian areas, and in the revolutionary base areas. In those areas, I am sure that the per capita averages are even lower, and in some places there is starvation.

As for education, it should be noted that the number of students per 10,000 people was only 1,793 in 1990 as

compared with 2,362 in 1985. This means that the number of children attending school is increasing at a slower rate than the population. The reason may be that the population is increasing at a high rate and that many people from other provinces are coming to live in Minh Hai. But we must also look closely at the subjective reasons of the provincial leadership with respect to education.

People must give attention to reducing the school dropout rate and the number of students who have to repeat a class. In particular, 20 percent of the children of school age have never been to school, and there are a large number of people who are illiterate. In the 15-35 year-old age group, there are more than 40,000 people who are illiterate, and this figure is even higher in the ethnic Cambodian zone and remote areas. We must increase the number of non-state kindergartens and Level-I schools in order to get more and more children of school age into school. Additional sources of capital (including limiting the construction of projects that are not really needed at this point in time) must be mobilized in order to build more schools. There must be specific norms to quickly eliminate the third school shift. The second round of the district congresses must set clear targets and put forth measures regarding this problem.

The educational problems that I discussed above and the other cultural problems must be examined and solved urgently in order to raise the people's standard of culture. This is a decisive factor in economic and cultural development, particularly for Minh Hai.

I suggest that efforts be concentrated even more on the remote areas and the areas beyond the cities and towns and beyond the main communications routes.

As for public health, particular attention must be given to treating infectious diseases such as malaria, hemorrhagic fever, and dysentery. Measures must be implemented to keep the environment clean and to make the lives of the people more and more civilized and progressive. In particular, people must be encouraged to use clean, boiled water. Minh Hai has built almost 6,000 water-spouts with the help of international organizations and the people here. Half of the people living in rural areas have clean water to use. This is a good achievement. Now, the work of building water-spouts must be basically completed, and more attention must be given to building sanitary latrines and to getting rid of the latrines situated along the rivers. This will not cost much money, but it is a prerequisite of civilized life. This must be placed on the agenda of the village party organizations. The peoples committees and mass organizations in the villages must implement this and set aside a specific time to do this.

Emphasis must be placed on expanding the network of clinics and hospitals, upgrading the primary level public health stations, organizing mobile public health units to treat infectious diseases, and assigning doctors to villages

far from the provincial and district hospitals. There must be suitable policies and funds for these units and doctors when they go to work in areas having difficulties. The policies regarding public health cadres on the state staff must be implemented well. At the same time, the capabilities of the public health cadres among the people and of the retired people who still have good skills must be exploited. They must be encouraged to participate in protecting the people's health and encouraging family planning.

The housing needs of the people are now very great. The province must organize commercial housing corporations to build and repair houses. But something that is even more important is to organize the supply of building materials at reasonable prices, particularly for people living in remote areas.

Minh Hai has many types of wood. The situation in which people in the rural areas, and in the cities and towns as well, live in ramshackle houses cannot be tolerated any longer. Naturally, there must be specific plans, especially in the cities and towns. Construction must be planned, because if it isn't, there will be difficulties in arranging the water and land communication routes, and this could affect production. Without clear plans and a clear understanding on the part of the people, the roads will be too narrow and they will encroach on the highways and river ways, particularly in the cities and towns. This will benefit the public in general and each person in particular.

As for travel, I want to emphasize rural area communications. This is a problem that is closely related to expanding the commodity economy. At the same time, this contributes to cultural exchanges between the rural areas and the cities. Along with exploiting the advantages of the river routes and increasing the mechanized means of transportation on the rivers and along the coast, more attention must be given to land communications in the rural areas. Plans must be formulated and specific tasks must be assigned to the districts and villages in order to gradually build roads, bridges, and drains. The first thing is to have roads. After that, things can gradually be consolidated and expanded. People want to build roads for automobiles, but when they can't they don't want to build paths for bicycles and motorcycles. This tendency must be overcome. This is a task of great significance that must be given attention immediately. In particular, attention must be given to roads branching off from the main highways. After that, things can gradually be expanded.

Expanding the rural area communications network is closely related to expanding the means of communication, particularly Minh Hai's very advantageous means of water transport.

Concerning the land problem in Minh Hai, the disputes here are not as serious as in a number of other places. The land problem is not only an economic problem but also a complex political-social problem. Attention must

be given to maintaining the stability of the arable land, ensuring social fairness and rural area solidarity, and opposing those who use their position and power for personal profit. Along with turning over land to peasant households to use, attention must be given to state management of the arable land. There must be land administration maps and clear copies, and the legal basis must be maintained so that the peasants can implement their long-term land use rights in accord with the law.

In the virgin land areas and a number of mangrove and cajuput zones, people have taken over many places on their own, but they have invested labor to make a living. The provinces must have cadre forces to make on-the-spot inspections and evaluate the actual situation in order to propose rational solutions that will address both economic and administrative concerns.

More attention must be given to supplying commodities to the people in the rural areas. Is state commerce slighting the rural markets and concentrating on the cities and towns? In the rural areas of Minh Hai, in many areas, the people cannot sell their products, which includes coconuts, shrimp, and even rice, and they cannot buy commodities necessary for production and daily life, such as gasoline, fertilizer, and insecticides. In many instances, they must sell their products at a low price and buy necessary commodities through middlemen at a high price. I think that this is the responsibility of the commercial sector. State commerce and the marketing cooperatives must be renovated, small merchants must be used, and so on in order to form a commodity supply and product distribution network for the people, particularly the people in remote areas and in the ethnic Cambodian zone. This is the way to use commerce to stimulate commodity production.

I want to repeat, with respect to retired cadres, families that are the target of the social policies, and families of war invalids and war heroes, by looking at the lives of these people, we are implementing the policies of the party and state with respect to these families. Minh Hai has been through two very difficult resistances, and the people here have made sacrifices and suffered great losses. We must give attention to the policy families on a regular basis and not just on holidays.

To summarize with respect to the people's standard of living, of the 1,620,000 people, or 300,000 families, living in Minh Hai Province, how many households are living in poverty? Of the 65,000 Cambodians, how many are living in poverty? The province's per capita grain yield in 1990 was 564 kg. In view of this, I am sure that in the districts that plant only one crop of rice, this average was much lower. The norms of the families all look at rice, but how can that be enough? Thus, expanding the two-crop areas, expanding intensive cultivation and animal husbandry, and so on are all urgent tasks if we are to improve the standard of living of the people in these areas.

I need to say a little more about our capabilities for providing capital for social programs. It must be admitted that in the past period, the provincial budget funds and the money invested by the central echelon were not used in a frugal or effective manner. In the case of many projects, such as the machine plant, the sugar mill, the textile plant, and so on, the projects were not built in a synchronized manner, and to date, they have not been used or their use has achieved little. I could cite many other examples of funds being wasted. If we concentrate the capital available, I am sure that we will be able to solve many of the social problems. The primary level party organizations and authorities must give particular attention to this and decide which welfare projects and which targets to give attention to first. If we avoid the difficult spots and fail to give attention to the policy families, that means that we are being ungrateful to the people who sacrificed their lives so that we could live.

A Number of Issues Concerning Science, Technology, and Cadres

Science and technology, together with education, is the key to economic and social development. If a country wants to develop, it must make effective use of intellectuals and people of talent, including both domestic and foreign specialists.

As for Minh Hai, there is a great need for science and technology here, because there are countless problems that need to be studied and solved by relying on a firm scientific basis in order to formulate economic and social policies and measures on such things as water conservancy, forestry, and the processing of aquatic products. Greater emphasis must be placed on scientific and technical work, from the material base, cadres, and expenditures for these activities.

According to the statistics, the province has approximately 3,230 graduates of colleges and advanced schools and 6,500 middle school graduates. There are 489 working in the economic sector and 147 in the technical sectors. This is a very valuable force.

However, according to the information that I have received, the cadres here have not been used well. They are given jobs outside their field of expertise, and the cadres are overly concentrated in provincial organizations. A number do not have jobs. Many unfair practices have been going on for a long time, compensation is inadequate, and there have even been a number of cases of pettiness and prejudice. As a result, people feel ill at ease in their work, and a large number of talented cadres have left Minh Hai and gone to work in other places, where their talents have been used better. I suggest that you review things, and if this is true, this is something that must be examined seriously. Perhaps this is one of the reasons why Minh Hai has been slow to develop in a number of respects in recent years.

It must be stressed that entering the new mechanism, it is essential to calculate the results. And to achieve good

results, it is essential to use the new scientific and technical advances. The leading cadres in the sectors and districts must organize things for the scientific and technical cadres to study the economic and social plans, including both the long-term and short-term plans. They must not organize formal conferences but must actually listen to the ideas of these people, regardless of whether the ideas of these people match their own ideas. They must organize debates and discuss matters in a democratic way. This will show respect for and confidence in the intellectuals and encourage them to voice their views. Naturally, a number of scientific and technical cadres may have wrong views and may lack work zeal, but responsibility for overcoming this belongs mainly to the leading cadres.

We must continue to train and retrain our ranks of cadres, including the scientific and technical cadres and the management cadres. At the same time, satisfactory policies on using and compensating cadres must be implemented. Party and mass organization cadres and cadres in the state apparatus must study more, too. They must constantly study and perfect themselves so that they can do a better and better job. Along with making good use of the cadres now present in the locality, broad policies must be implemented using various forms so that cadres in other localities can participate in studying the province's scientific and technical topics.

Another problem that must be stressed is the work style of cadres. For many years now, it seems that many cadres, from the top to the bottom, have been acting in a bureaucratic manner. They have been far from the bases and remote from the masses.

It must be admitted that opposing state subsidies is easy to see, but opposing bureaucratic centralism is much more difficult, because bureaucratic centralism is a disease that has long infected the organizations, mechanisms, and work style of our cadres. At the various levels, bureaucratic centralism manifests itself in different ways and does damage in different ways, but the end result is that the party and government become more and more remote from the people. Because of what the cadres have done, the people have lost some of their confidence in the party and government. Thus, we are in danger of losing a very valuable tradition of the party, one that President Ho constantly reminded us of. If we lose that tradition and the people lose confidence in the party and state, that will endanger the life of the party and threaten the survival of the party and regime.

I think that the time has come to oppose bureaucratic centralism using very concrete measures instead of just mouthing the slogan "oppose bureaucratic centralism." Today, in each village and subward and at each enterprise, every day there are countless tasks that must be done. But while things are "in a state of emergency" at the lower echelons, when this is reported to higher echelons, the matter must pass through many doors. By the time the report reaches the top, it is "cold" and things have to wait while the matter is "studied." Many

of the policies and positions of the party and state never reach the people. Many times, obligations are not fair, and legitimate interests are often ignored. Bureaucratic centralism is not a problem just in Minh Hai. It is widespread in many localities and in many central sectors. This is something that must be corrected immediately.

The hollow directives and resolutions that sound nice but are impractical and that are not in line with the real lives of the people must be done away with immediately. We must stop holding long meetings that do not have concrete themes and stop holding long-winded debates. We must put an end to those and set aside more time for going to the bases and solving the problems of the bases at the bases. The key leaders of the sectors in the provinces and even the key party members and authorities must go to the places that have the greatest problems in order to solve the problems instead of shifting the burden to cadres who do not have sufficient standards or authority to solve the problems. Party and mass organization cadres must coordinate things with the administrative cadres to monitor things at the bases, because leadership work and mass work today means satisfying the real needs of the masses instead of providing empty education and encouragement. Administrative cadres must adhere to the policies, positions, measures, and regulations, examine each specific situation, and answer the questions raised by the people on the spot. They must take steps to satisfy the legitimate needs of the people instead of making the people "beg" them. If a problem is beyond the scope of their powers, this must be reported to higher echelons. Higher echelons must solve the problem within a specific period of time and not allow this to drag on forever.

The time has come to radically alter the work style of the various echelon cadres, particularly the provincial and district cadres, by having them "stick close" to the bases, particularly the remote areas, the former revolutionary base areas, and the areas with ethnic Cambodians. They cannot work just along the main highways or in the towns or remain in their offices. To repeat, the key leaders of the provincial party committee and of the committees of the various sectors in the province must go to the places that are experiencing the most serious difficulties. There are many new and zealous cadres in the villages, but their understanding is limited. The standards of the people, on the other hand, are rising. As for policy families, our young cadres do not really understand things or they are not sympathetic enough. Perhaps we should use "military, civilian, government, party" groups as was done during the resistance and organize groups consisting of sector cadres having sufficient authority and a clear division of duties to go to the bases. Groups of cadres could take turns going to the bases to inspect the work there. People must become deeply involved in solving practical problems at the bases. This must be regarded as an important school where our cadres can learn and mature. From this, we can review things, improve the theoretical standards of

the party, and revise and perfect the laws and policies of the state. This is also a formula for training and selecting cadres who are trusted enough by the people that they can be assigned leadership positions.

All of you should give much attention to this problem. I hope that Minh Hai will be active in renovating the work style of the cadres in the various sectors and echelons. The provincial party committee and the committees, sectors, and mass organizations in the province must discuss implementing the resolution of the provincial party organization congress in this way and guide lower echelons in implementing this.

Along with curing the disease of bureaucratic centralism and remoteness from the people and bases, we must take resolute action against those who engage in corruption, who oppress the masses, and who violate the ownership rights of the people. Those are very evil practices that are weakening our cadres and reducing the people's confidence in the party and government. We must resolutely rid the leadership apparatus and state management apparatus of such cadres.

I have also heard that in Minh Hai, at a time when the economy is still undeveloped and people are still suffering many privations, a number of cadres are very wasteful and spend their money on drinking and various forms of entertainment. This seems to be the case at a time when commercial enterprises are suffering losses, workers are in dire straits, the armed forces are facing serious difficulties, and many policy families have not been given good attention. If this is true, they must be called by their right name. That is, they are criminals and cannot be forgiven. These cadres must be punished harshly.

I would like to add that in prosecuting cadres for crimes, they must be treated fairly. Depending on the seriousness of the crime, they must be dealt with accordingly in accord with the law. Achievements and crimes must be quite clear. The various cases that occur must be handled based on this spirit. Dealing with the crimes of the cadres fairly will strengthen the people's confidence in the party and strengthen cadre solidarity within the party.

Article on Renovation, Nationalities Issue

922E0007B Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 7 Sep 91 p 2

[Article by Professor Mac Duong: "Seventh Party Congress Documents: the Nationalities Issue From the Viewpoint of Renovation"]

[Text] One of the renovation concepts of the system of political viewpoints in the documents of the Seventh Congress of the CPV [Communist Party of Vietnam] is the nationalities issue, understood in both its broad and narrow sense. In the broad sense, it is the path of development of Vietnam's nationalities community along the lines of socialism and the socialist revolution in our country, in accord with the historical conditions of

the Vietnamese people, and not mechanically, dogmatically, or imitating the models of foreign countries. The documents of the seventh party congress affirmed, "National independence is a precondition for the achievement of socialism, and socialism is the basis for solidly ensuring national independence." ("Program of the CPV," Su That Publishing House, page 4). All schemes to weaken national independence must be promptly stopped. But thoughts and acts that impede the process of national renovation, in hopes of pulling the Vietnamese people backward while the world is advancing rapidly, must be fought relentlessly.

The CPV, the vanguard force of the nation, leads it in the path of renovation and defends national independence. The party belongs not only to the class but also to the nation, to all nationalities living in our country. The strength of the nation is also the strength of the party, and the strength of the party can only arise from the strength of the entire nation. Therefore, solidarity in the party is a sacred mission and noble responsibility toward the destiny of the nation. National solidarity is a source of the marvelous strength to overcome all dangers and challenges being posed by the present era. The document of the Seventh Party Congress stated explicitly, "Solidarity is a precious tradition and a major lesson of our country's revolution (op. cit., page 5). It may also be said that solidarity is a national characteristic of modern Vietnam. That characteristic has been formed and challenged over the thousands of years of the existence of the community of Vietnam's nationalities. It is the inheritance and continuous development of more than half a century of struggle for national independence and socialism in our country.

In the narrow sense, the nationalities issue is a matter of being concerned with the interests of, and relations between, the majority group and the minority groups, and among nationalities with different historical backgrounds, languages, and customs, but which have stuck closely together in history and have together built a unified Vietnamese fatherland. Without national independence and socialism there is no basis for resolving the problem of ethnic minorities and the majority, and resolving the relationships among the nationalities, which have different historical and economic-social characteristics. The seventh party congress affirmed that "Our revolutionary undertaking is one of the people, by the people, and for the people." (Op. cit., page 5.)

That may be understood as meaning that the revolutionary undertaking of our country at present is by the nationalities, of the nationalities, and for the real benefit of the nationalities, regardless of whether the majority group or minority groups, whether Vietnamese or people of the other nationalities. All nationalities in our country have the right and obligation to defend and build a rich, strong, and unified Vietnamese fatherland. Therefore, struggling unrelentingly and "opposing big-nationality chauvinism, narrow nationalism, ethnic prejudice, and ethnic division" are important responsibilities of all Vietnamese citizens, in order to guarantee the rights of

nationalities acknowledged by the constitution. It is necessary to suitably punish those who are guilty of discrimination and national division, as stipulated by law. It is necessary to concretize, and add to criminal law, specific acts regarded as big-nationality chauvinism and narrow nationalism, in order to stop acts that impede and oppose renovation and the building of socialism in our country.

For the first time in a program document, our party affirmed "respect for the interests, traditions, culture, language, customs, and religions of the nationalities" (op. cit., page 16). Respect for the interests and traditions of the ethnic minority groups in our country is a very new concept, a contrast to the past, in the nationalities policy recently considered by the congress. The congress document also clearly stated it is necessary to "build a well-off, happy life while also retaining and developing the fine characteristics of all nationalities" ("Political Report of the CPV Central Committee," Su That Publishing House, 1991, page 77). At the same time, our party and state must "Develop the commodity economy in the ethnic minority in a manner appropriate to the characteristics of each area, nationality, religion, spoken language, and written language, with regard to the minorities. Especially, there must be a policy of overcoming the situation of gradual decline of some ethnic minority people" (Political Report, page 77). The thought of the seventh congress toward the nationalities issue is comprehensive, realistic, and fulfills the aspirations of the nationalities in our country.

Today, the nationalities issue has become one of most difficult problems of the era in many countries of the world. The scientific-technological revolution is developing rapidly and the appearance of increasingly greater numbers of modern mass communications facilities has enabled the nationalities to have conditions for awakening and having profound consciousness of the need to develop the nationalities and their interests. All ethnic relationships in the past were built on the basis of political equality and sympathy, and now must be based on equality with regard to interests and needs, on the rapid improvement of the living standards and economies of each nationality. Therefore, ethnic relationships have suddenly become more complicated and are more easily affected by outside factors than ever before. In the 1960's and 1970's, fierce ethnic contradictions broke out in America (the black, Indian, and Asian-American problems), in Canada (the problem of French-speaking and English-speaking Canadians), in the Swiss Federation (the problem of German-speakers and French-speakers), in France (the movement demanding autonomy in Brittany and Corsica), the prevalence of apartheid and Zionism in Africa and the Middle East, the spread of great-nation chauvinism and expansionism in Asia, etc. In the mid-1980's, the nationalities problem broke out in the Soviet Union, and now it has all but destroyed the ethnic solidarity that was built up and challenged the sacrifice of the nationalities over a period of more than half a century!

Aware of the epochal charges and the deep-lying reasons of contradictions among nationalities in the process of socialist construction, the seventh congress drafted realistic renovation viewpoints concerning the nationalities issue in our country in the transitional phase.

Firmly grasping the ideological concept concerning the nationalities issue is an important responsibility of all Vietnamese citizens and of all party and state organs, not merely of the organs and specialized cadres directly involved in the nationalities work. In order to stabilize society, achieve economic-culture development, and build socialism, all-out attention must be made the nationalities issue against the prevent historical background.

Achievements Assessed on Revolutionary Path

922E0021A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 4 Sep 91 p 2

[Article by Ho Thanh Khoi: "Reading the Conclusion of the Declaration of Independence, Pondering Over the Revolutionary Road Being Taken Today"]

[Text] In the concluding paragraph of the 2 September 1945 Declaration of Independence, President Ho Chi Minh wrote: "Vietnam has the right to enjoy freedom and independence, and has actually become a free and independent country. The people of Vietnam as a whole is determined to use all of our spirit and force, our lives, and our properties to maintain this right to independence."

The history of the nation had placed on our people's shoulders the mission to wage two wars to protect the independence that had been regained thanks to the August Revolution. The party was continuing to lead the people in the successful wars of resistance for the defense of the fatherland. Since 1975 we have entered the stage of restoring the economy, healing the wounds of war, and building the country in the period of transition to socialism.

Today, after 16 years of national construction, the seventh party congress has again affirmed that we relentlessly continue to maintain the goal and road which Uncle Ho and the party had chosen. Some people think that because the road to national independence that we had chosen was correct, the democratic national revolution was a great victory; that as to the socialist construction, we have not succeeded; and that while many socialist countries have abandoned the socialist road, why we are relentlessly maintaining the goal and upholding the road to socialism without choosing the capitalist road.

We must recognize that as capitalism relies on new science-technology, with many years of building and managing society, some developed capitalist countries have attained great economic, cultural, and civilization-related achievements and have brought a better life to their people. But capitalism cannot solve the grave

contradictions in all capitalist societies, where the three-fourths of mankind being ruled in the capitalist countries still live in poverty, unemployment, unjust oppression, excessive indebtedness, ignorance and sufferings, death from diseases, lack of food, and so on. The reason is capitalism is the main culprit who causes aggressive wars, local wars, and the arms race. Capitalism also cannot solve the population explosion and the pollution of the environment. It is powerless in such a situation and also is the reason behind such injustice. It cannot be the fine road to liberation of mankind and certainly must be replaced by the socialist society in the future. That is the reason why we cannot choose the capitalist road.

But because socialism is being in a crisis in regard to both theory and practice, should we still take its road and thus again go into crisis and mistakes? It is correct that we are in a crisis and have made mistakes, but the mistakes have to do with the manner we proceed on the road and not with the road itself and the goal to be achieved. Ever since there existed social classes, the human society has been having class struggle, which would lead to revolutions that would change society and result in better ones than the preceding ones. In the present era there still exist classes and the class struggle will surely lead to proletarian revolution, which will build a better society to replace the capitalist one. This is the Communist road, history's law of evolution. On this road, we should not understand things in a mechanical and dogmatic manner. This road must go through the proletarian revolution and a period of revolutionary changes, the transition to Communism; but in what country and at what time the revolution will break out depends on the actual historical conditions of each people and each nation, and there cannot be any model of the transition to socialism to be imposed in a coerced and subjective manner. Marx wrote: "We call Communism a realistic movement to abolish the status quo. The conditions of this movement are the results of the preconditions that exist now." ("Selected Works of Marx-Engels," Vol. 1, p 297.) According to the law of history and under the conditions of Vietnam's reality, we are carrying out the proletarian revolution and, along with a number of fraternal countries, are in the period of transition to socialism, but we do not have socialism yet.

We must recognize the fact that although the socialist countries had scored some great achievements, they had committed serious mistakes for a long time, which led to a profound and total crisis undermining the people's confidence in socialism. The reasons for the mistakes did not come from the nature of socialism but a misinterpretation of Marxism-Leninism, a misconception of socialism, and the construction of a socialist model based on a subjective and imposed mold that did not correctly follow the scientific objective law and the historical reality of each country. Another important reason came from the side of imperialism and the international reactionary clique, which colluded with the reactionary forces in a country for attacking socialism there. Furthermore, after mistakes had been found, the

correcting of mistakes was not done in the right manner, showed a lack of abilities and alertness, and abandoned the Marxist-Leninist theories and the principle of democratic centralism, which in due course would lead to political turmoil and collapse.

In the past our party had also made a number of mistakes. But it saw the mistakes and step by step corrected them. The five years of renovation did not totally overcome all mistakes, but the results obtained have been very important. The important aspect lies in the fact that we chose the right road and the ways of renovation and correction of mistakes have gone in the right direction.

To relentlessly continue the socialist goal that Uncle Ho and our party have chosen is the road that correctly follows the law of mankind's history. And the reality of Vietnam's revolution has proved that we correctly take the road we have chosen.

Editorial on Core Issue of Revolution

922E0020 Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 2 Sep 91 pp 1, 5

[Editorial: "On the Occasion of the National Day of 2 September—Power Is Fundamental Issue of Any Revolution"]

[Text] The day, 2 September 1945, was our nation's Independence Day. President Ho Chi Minh, in the capital city of Hanoi, solemnly declared to the world: Vietnam had really become a free and independent country.

On the day of 2 September 1945, for the first time in our history, the Vietnamese working people held power throughout the country. On 6 January 1946, our people all over the country, including the Saigon voters who cast their ballots with their blood, elected our country's first National Assembly, which formed a government, and elected Ho Chi Minh president of the Democratic Republic of Vietnam. [DRV]

The history of the birth of the people's power in our country was evolving in a manner totally conformable to the law of revolution. Only an all-people general uprising—the revolutionary violence of the masses under the leadership of the party—was able to destroy the cruel colonial and feudal rule, which had existed for hundreds of years. And only the revolutionary violence of the masses was able to play the midwife's role of bringing the new system into the world.

Today, we still very much need to learn from the extremely precious experiences of Vietnam's revolutionary state in its early months, up to the start of the nationwide war of resistance on 19 December 1946. First of all, these experiences were the unity of mind and action of all party organizations and administrations, from the central level to the remotest localities, and of the people all over the country. They were the spirit of

being totally revolutionary, resolutely fighting foreign aggressors and domestic enemies, and resolutely maintaining the people's power. President Ho Chi Minh symbolized the brainpower and the art of using the unchangeable to cope with millions of changeables as he advised acting President Huynh Thuc Khang what to do during his visit in France, namely, to apply the most flexible stratagems but to make them revolve around the revolutionary principle. The young Democratic Republic of Vietnam was able to unite all unitable forces and especially to mobilize almost all of the country's well-known intellectuals and notables for engaging in the people's revolution, for the sake of the nation's supreme interests. The revolutionary administration was skillfully applying the tactics of dividing the enemies and aiming the brunt of the struggle at the principal enemy. An important characteristic was the fact that it very closely coordinated its action with that of the Unified National Front—the Viet Minh and Lien Viet or Vietnam People's Federation. The DRV was both fighting the war of resistance and reconstructing the country. The party and state were taking care of fighting illiteracy and poverty in order not only to strengthen the people for the fight against foreign aggressors but also to demonstrate the fundamental spirit of serving the people and the people's economic and political life, as well as the constructive nature of a real revolutionary progressive dictatorship of the revolutionary class and the people.

Nearly half a century has passed, but we still feel uneasy and moved when we read again the letters, appeals, articles, and books which Uncle Ho had written then to urge the cadres of the party, administration, and mass organizations to do their very best to serve the people and the fatherland. He sternly demanded that cadres and civil servants resolutely fight corruption, waste, bureaucracy, and other degrading phenomena, which he called "domestic aggressors." To defeat "domestic aggressors" would be one of the decisive subjective factors allowing us to defeat foreign aggressors.

With the party maintaining steady and correct leadership, a clean and efficient administration, and the people showing unity and unanimity, we could defeat any enemy!

The history of our people's power, from the time it was born to the present, is an eloquent proof of Lenin's eternal statement: "Power is the fundamental issue of the revolution."

The SRV today is managing the country under the new conditions of our country and of the world and fulfilling the new tasks of the Vietnamese revolutionary state, namely, building a prosperous and strong country in its transition to socialism and defending the fatherland. There are old methods, particularly the wartime state management method, which are no longer appropriate and should be replaced. However, the fundamental principles of a revolutionary power of the people, by the people, and for the people, under the leadership of the

party, are the "unchangeable," something that must be consolidated to become stronger and to show itself more smoothly.

With the line on total renovation, our party advocates renovating the political system, practicing socialist democracy, improving and raising the level of party leadership, and improving and strengthening efficiency in state management. This is a demand of the realities and means the survival of the revolution and the country. Since the sixth party congress we have made much progress in this regard. The leadership of the party and the managerial function of the state have been distinguished in a more and more scientific manner. The people's organs of power, from the National Assembly to the People's Councils at all levels, are showing more and more clearly their true role of representing the people's ownership rights. The legal system of our state is being urgently improved. We are moving toward an advanced state management formula. In addition, the activities of the fatherland front and mass organizations are showing for the first time good changes. Our state and people, under the leadership of the party, are resolutely and relentlessly abolishing bureaucratic centralism and state subsidies; fighting bureaucracy, oppression, and violation of the interests of the masses; and resolutely removing the tumors and abscesses from the bodies of the party and state. However, the results that have been obtained totally fail to make us feel satisfied. There are very many things that need to be done urgently, uniformly, and boldly. All conservative and self-satisfied thoughts and deeds are roadblocks that prevent the revolution and country from moving forward.

Because renovating the political system is an extremely sensitive and very complicated process and directly involves people, it must be carried out in a careful and scientific manner in order to ensure its success. Renovation in the political field, more than in any other fields, reflects a high degree of concentration of the fundamental characters of the revolution. It is in itself a profound revolution and must be carried out in accordance with revolutionary principles, not in a spontaneous manner to suit one's convenience. It was not a coincidental occurrence when imperialism and the reactionary forces, while carrying out the plot to stage peaceful events against the socialist countries, had concentrated on attacking the strategically important points regarding the principles and organization of the socialist political system. Attacking in the economic field, their last target, was also aimed at changing the political system. Therefore, we must do our very best to heighten our revolutionary vigilance and not to allow any vacuum in regard to party leadership and state management that the enemy can take advantage of and fill.

The seventh party congress, with the program on national construction in the period of transition to socialism and other important documents, has affirmed that we must continue and step up the renovating process in the direction of national independence and socialism. By correctly implementing the seventh party

congress resolution our party, our state, and our system will be stronger. That is the road to prosperity and strength for our people and country. That is the road on which we maintain our sovereignty, independence, and true democracy. For us Marxism-Leninism and the Ho Chi Minh thoughts are the unchangeable used to cope with millions of changeables.

Youth Union Secretary on Implementing Decision
922E0007A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 5 Sep 91 p 1

[Interview with Pham Phuong Thao, secretary of the Youth Union Central Committee, on Implementing Political Bureau Resolution 25, by Huy Mien; place and date not given: "The Youth Union Should Not Merely Recommend and Wait, But Must Endeavor To Renovate Itself"]

[Text] [Huy Mien] What is the Youth Union doing to implement Political Bureau Resolution 25?

[Pham Phuong Thao] Resolution 25 brought out some extremely basic problems of the youth work in the present situation. It must be realized that in recent years the Youth Union has been slow to adapt to the new mechanism. After the subsidy system was eliminated the Youth Union became confused and didn't know how to reorient its activities. The quantity and quality of its members declined. Against that background, the Youth Union must immediately reorganize its forces, reorient its activities, and select the weakest point to strengthen, which is, in my opinion, its basic echelon, for that is the bridge connecting the Youth Union organization with youths.

The Youth Union must realize that the greatest interest of youths is their economic interest. Therefore, it is necessary to orient its activities toward that objective. The most practical activity is to organize vocational guidance for youths.

In implementing Resolution 25 of the Political Bureau, I believe that the Youth Union should not merely make recommendations and wait, but must endeavor to renovate itself. It must identify with youths my means of practical actions that serve to attract them, and not speak empty words based on resolutions. At the same time, it is necessary to realize that basing the mass work only on state funding will result in the "bureaucratization" of the Youth Union organization.

[Huy Mien] Many Youth Union cadres believe that Resolution 25 is a resolution of the Party and therefore there must be a transformation within the Party. What is your opinion?

[Pham Phuong Thao] I completely agree with that viewpoint, because it is a resolution of the Party and therefore it is essential that there be a transformation within the Party. The Party committee echelons must review and reevaluate their responsibility in leading the youth work, in order to take steps to implement Resolution 25 in the

coming period, and not allow it to be forgotten, as is the case with regard to some other resolutions. The upper-echelon party committees must inspect, praise, and criticize the places that do not implement it or do not implement it effectively. I believe, however, that in order to implement the resolution effectively, beginning immediately there must be specific state policies following that resolution.

[Huy Mien] As secretary of the Youth Union Central Committee, what recommendations do you make?

[Pham Phuong Thao] I hope that the state will have policies to encourage youths to study and be concerned with developing their talents, create favorable conditions for youths to go abroad to study, adapt to the market, be concerned in a practical way with the lives of teachers, etc. The matter of providing jobs for youths is a very pressing one and requires a very specific plan. With regard to the small-scale youth production, I recommend tax exemptions for the first years to encourage youths to participate in production.

MILITARY

Budget Shortage Compels Strategy Changes

92SE0020A Helsinki HELSINGIN SANOMAT
in Finnish 26 Sep 91 p C1

[Article by Jari Lindholm: "Shortage of Money Threatens Weakening of Vietnamese People's Army's Fighting Capability"]

[Text] Hanoi—Vietnam's mighty People's Army, which beat three superpowers in its hour of glory, today has to grow coffee for export and sell sand to the Japanese for their resort beaches to save itself from bankruptcy.

At the head of the Army's private enterprises are the famed Truong Son troops, the men who with their bare hands between 1959 and 1975 built the so-called "Ho Chi Minh Trail," the supply route from North Vietnam to the United States-supported South.

Once the fifth largest in the world, the Vietnamese Army has atrophied so badly because of the upheavals in the communist world and its hopeless financial problems that the experts have begun to doubt its ability to fight.

Vietnamese generals say that cuts have to be made in defense expenditures and that is why the Army will have to get used to a new strategy in which the nation is defended with a smaller number of men, but with a stronger morale than before.

USSR Armed Them

In December 1944 General Vo Nguyen Giap formed an "armed propaganda group" of 33 men who had 31 rifles and two revolvers to support Ho Chi Minh's struggle for political independence.

Within three decades the group became a feared army of nearly 2 million men. With Soviet rubles and arms it beat the French colonial power, the U.S. war machine, and the Chinese who attacked in human waves.

The upheavals in East Europe and the Soviet Union's economic problems have, however, cut off Moscow's aid and, possessed by a shortage of money, Vietnam has had to reduce its army by nearly one-fourth, from 1.8 million to 500,000 men.

"We have to make use of our military experience and build a defense that is in keeping with the changed situation in the world," said Brig. Gen. Nguyen Dinh Uoc, the assistant director of the Hanoi Military History Institute.

"We've fulfilled our obligation in Kampuchea and withdrawn from Laos. We're normalizing our relations with China and mending our relations with the United States. Nevertheless, we must be prepared to fight a powerful enemy—not with modern weapons, but with tactics and a firm will."

Shortage of Spare Parts

Uoc admitted that the situation was a gloomy one: The Vietnamese Army's Soviet weapons are breaking down for lack of spare parts and Hanoi does not have the wherewithal to buy parts because Moscow, which has cut its 40-year umbilical cord, now demands hard currency at world market prices in payment for them.

Nor does Vietnam have the means to build a Chinese-style defense industry, Uoc admitted. They can only produce ammunition, light grenade launchers, and a few spare parts in Vietnam's arms factories.

Moreover, people have begun to doubt the Army's ideological resolve: While 70 percent of the officers are members of the Communist Party, few soldiers who are performing their compulsory military service are interested in politics, Uoc said.

"It's true that low pay and harsh living conditions have had an effect on our soldiers' morale. But we have reduced the military conscription period from three to two years and allowed soldiers to till the soil to improve their food supply. At any rate, the situation is not as gloomy as it was during the war."

Not everything has been lost yet. The world's most resourceful Army has found a way out of its economic dead end: In the spirit of perestroika, some units have begun to make money in the private sector.

Sand for Vacation Beaches

About 60,000 soldiers have leapt into the market economy in 60 business ventures since business activities in the Army were allowed in March 1990. The Navy has begun to engage in commercial fishing and the Air

Force flies workers to foreign oil-drilling platforms. The arms factories have begun to produce fans and transformers.

The most successful of the business ventures is the Truong Son unit, which 30 years ago built the 1,200-km-long "Ho Chi Minh Trail" to supply South Vietnamese guerrilla fighters with arms from the Central Vietnam highlands via Laos and Kampuchea.

The unit's 5,000 men now constitute the "Truong Son General Construction Unit." It is an economically independent combine whose 20 firms build roads and bridges, mine coal, grow coffee for export, and are negotiating the sale of sand to the Japanese for their vacation beaches.

"The arrangement is ideal: The government provides the guidelines and we make money," said Truong Son assistant general manager Tran Van Phuc, who himself as a young engineer corps officer hacked the Ho Chi Minh Trail out of the jungles of Laos in the 1960's.

This year Truong Son's sales volume was 53 billion dong (about 23 million markkas). After Defense Ministry taxes and equipment procurements, the firm is left with so great a profit from its receipts that it can pay its soldiers 150,000 dong (about 63 markkas) a month—twice what ordinary troop units get.

"We choose fellows who have technical skills or business experience," assistant general manager Phuc said. "They can stay with our firm after completing their tour of duty. If they want to go home, they are allowed to keep the bonuses they earned with us and start their own businesses. They are successful because the firm has increased their self-assurance."

"We're Still Fighters"

Truong Son participates in many projects: It is building power plants in Hoa Binh and Phu Yen; it grows coffee in the Dac Lac highlands; it is repairing Highway 5 which goes from Hanoi to Haiphong; it delivers tin from Nghe Tinh Province and mines coal from Quang Ninh.

Truong Son has also been successful abroad. It outbid a Thai construction firm in 1990 and built a market area in the Laotian capital of Vientiane. It is sending workers to Australia to build fish markets and is negotiating banana cultivation with its former enemies, the Americans.

"It is a Vietnamese soldier's duty to combine business activities with his military service," assistant general manager Phuc said. "Despite the fact that we make money, we're still fighters. If we get involved in a new war, we're ready to build roads."

Artillery Branch Striving To Follow Guidelines

922E0004A Hanoi QUAN DOI NHAN DAN
in Vietnamese 18 Jul 91 p 2

[Article by Pham Minh Chau: "Artillery Troops Train in Accord with 'Bronze Feet, Iron Shoulders' Tradition"]

[Text] Following the 1991 combat training order of the General Staff, the training organ and commanding officers of the artillery combat Arm prepared guidance documents for the artillery directors throughout the Army regarding the new training guidelines. Thanks to full guidance and explanations regarding the goals, requirements, contents, guidelines, and methods during the first training phase the artillery troops of the entire Army essentially carried out the training task correctly and began to improve quality. Lieutenant Colonel Do Nang Mieng, head of the combat Army's training bureau, evaluated the reorientation of artillery training as follows: "The artillery units throughout the Army had correct understanding and fulfilled the requirements of training combined with toughening the troops, in accordance with the 'bronze feet, iron shoulders' tradition of hitting the targets every time.

However, when reorienting training in accordance with the new requirements the artillery units throughout the Army encountered considerable difficulties. First of all, the small unit cadres did not have experience in combat and in training troops in the tradition of the anti-U.S. resistance war years. Meanwhile, the training contents of the artillery officers school and the troop training process in the units for many years had not emphasized training cadres in those experiences. Furthermore, the units did not prepare adequate numbers of materials and training aids to serve the new training requirements.

Having grasped the difficulties and the new training contents and requirements, the artillery combat arm took the initiative in resolving the units' difficulties before beginning the first training phase. First of all, the combat arm coordinated with the military regions, corps, Armed Forces branches, and combat arms in holding supplementary training classes for cadres. Those classes concentrated on the contents of training in pack artillery and added some new contents regarding the field artillery forces. The five training classes in military regions 7 and 9 and 4th Corps ensured that nearly all artillery commanders and adjutants were able to study and grasp the new training contents and requirements, above all those of the first training phase. After the training classes held by the artillery combat arm, the military regions, corps, and divisions continued to give training classes for small unit cadres on those subjects.

In addition to supplementary training for cadres, the artillery combat arm took the initiative in editing and printing materials to serve the training requirements. Specifically, the combat arm printed and distributed to the division level two books about model battles fought by the artillery forces in the anti-French and anti-U.S.

resistance wars. The second book, prepared by the artillery officers school, consists of stories about combat by artillery troops. They are very good materials for artillery cadres and men to study good experiences in combat. In addition, the combat arm printed large numbers of drawings of the structures of the various kinds of artillery and ammunition to meet the training requirements at the small unit level. Along with preparing materials, the artillery combat arm also researched and produced models and aids to support training. It regarded that as the most important requirement, under the financial, material, and equipment conditions of our Army, which is beset with many difficulties. But to ensure the improvement of training quality, training in empty theory alone is insufficient. In addition to guiding the units in making training aids, the combat arm concentrated on providing training aids with complicated technical requirements. For example, in 1990 the combat arm manufactured 82mm mortar shells that could be fired many times, in order to conduct training without having to fire live shells. The combat arm calculated the adjustments in order to fire such mortar shells in place of artillery shells but still meet the training requirements, as if firing real artillery shells. By resolving that problem it was possible to economize on ammunition but still improve training quality.

Thanks to close and correct guidance of the training preparation task, when they began training nearly all of the artillery units throughout the Army eliminated the training contents that were not truly appropriate and strengthened the troop toughening contents. In the first training phase all of the artillery units included the topic of toughening troops in moving long distances and carrying heavy loads. For example, the artillery units of unit S6, 1st Corps, practiced maneuvers two nights a week. The units emphasized the contents of practicing pushing, pulling, and carrying artillery in training. Many units combined bringing artillery to and from the firing range with practicing pushing and pulling artillery and pulling artillery for up to two kilometers without using vehicles. Especially, the artillery officers school conducted long-term field training with the contents of carrying artillery and mortars on long marches, and eating and sleeping under surveillance and attack by the enemy, while also building fortifications for men and artillery. Lessons were learned from the training phase and disseminated so they could be studied by the entire Army. Thus among the new training requirements the topic of toughening troops so that they can adapt to the form of independent combat, under maneuver conditions received attention by the artillery units throughout the Army.

The second requirement in artillery training was to attain the status of "hitting the target with every round." That is the most difficult requirement. In order to resolve that problem, the combat arm paid attention to training cadres in specialized artillery techniques, artillery firing, and tactics. The enlisted men and artillery gunners received group training in techniques.

Everyone had to be skilled in a specialty, such as observing, making calculations, and the mathematics of artillery gunnery. Only then did they study other skills so that they could replace one another in combat. During the recent first training phase, because there was a movement to create skilled artillery training companies and control and supervision by the training organs at all levels and by the combat arm, nearly all of the units concentrated on training. In the artillery units throughout the Army there appeared cadres and enlisted men who attained good results in training and toughening, and the number of artillery companies attaining the "skilled training artillery company" increased.

However, the results of artillery training still did not meet the requirements of improving our Army's quality in all regards. According to the artillery combat arm's training guidance organ, the reason for limited training quality was that the period for reorienting training was too short, so many aspects could not be attained immediately. Especially, there were still many limitations among cadres with regard to the training organization methods and in the application of combat experiences to training there was a lack of flexibility and liveliness. The final problem, and also a long-range difficulty, was that finances and material-technical facilities to support training did not meet the requirements. But if there is coordination at both upper and lower echelons, and if both cadres and enlisted men are concerned, those difficulties can still be overcome. The remaining problem is to enable the cadres and men to have correct awareness of the training mission. That was the conclusion of the comrade who heads the training office of the artillery combat arm in an interview with us.

ECONOMIC

Minister Interviewed on New Directions in Trade
922E0006A Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 1 Sep 91 p 7

[Interview with Le Van Triet, minister of commerce and tourism, by Kim Phi and Bao Vinh; place and date not given: "How To Correct the Current Confused Mechanism?"]

[Text] "The Council for Mutual Economic Assistance has announced it has ceased activities and the ruble-payment commercial market is encountering difficulties. Producers, businessmen and exporters-importers who were involved in that 'traditional' market are frustrated. How will you resolve that problem?"

"Yes, the situation has changed, which forces us to do business with any market in accordance with the principles and habits of international payments and based on freely convertible currency.

"Therefore, in addition to the existing 'traditional' markets, such as the Soviet Union and the East European countries, we must first of all adopt an international market strategy and have a policy toward each market in

order to be appropriate to the new world situation. On another occasion I'll elaborate on that. Here, I will deal only with some general topics.

"At present, we still regard the Soviet Union as a large market in which it is easy to market high-quality goods and the technological level of which is not very high in comparison to the developed western European countries, Japan, etc. The principal problem of that market, which still has not been resolved, is that difficulties are being encountered in clearing payments between two countries. But in actuality, the local export-import corporations have 'taken the initiative' in resolving that problem by doing business directly with their friends in the republics. For example, the Thua Thien-Hue Export-Import Corporation, the Legamex Corporation, the Binh Tien cooperative, etc., have exported directly to corporations in the Soviet Union, Germany, Poland, etc. Thus the drafting of market strategies and policies, and the creation of a management mechanism to help the local companies engage in export-import activities are tasks of the Ministry, but our producers and businessmen who export and import must be dynamic and responsive in finding customers for their products. Regretfully, at present a considerable number of units, even very large units, still sit and wait and like to produce goods in accordance with protocols.

"With regard to a very new market—China—in the near future we will discuss with trading agreements, as is the international custom. At present, the localities and corporations engage in sporadic trading, principally on a small scale. With regard to the other markets in the capitalist sector, the Ministry encourages the local units to find customers, expand trade, and accept investment, on the basis of mutual benefit, conformity to international practices, and respect for national laws.

"Therefore, in the near future we will have to further improve the export-import management mechanism and not continue the present system. The issuing of quotas, for example, has become a monopolistic evil and has given rise to serious negative phenomena.

"We do not avoid our responsibility, but the recent negative phenomena, as you have seen, have been caused primarily by the state mechanism. The ministry or sector managing a product also has a monopoly in exporting it. The corporation and units have been authorized to export and import directly, but the mechanism forces the Ministry of Commerce to issue quotas to the localities through the provincial and municipal peoples' committees, after which they are distributed to the local corporations and units. The buying and selling of quotas arise from that shortcoming. There has been no renovation yet, but we are making all-out effort do a study on improving methods and the management mechanism, to be presented to the Council of Minister for adoption at the beginning of 1992. The Ministry of Commerce and Tourism will be solely responsible for issuing quotas, on the basis of the relevant ministries and sectors balancing export and import requirements by means of the State

Planning Commission, and will approach the export-import production and commercial units directly by means of the contracting form. Furthermore, the mechanism allows the export-import corporations to act as agents for foreign countries, without guidance, which is also causing disorder for the economy. That situation will be resolved soon by means of more specific guidance than at present."

"Do you agree with the unification of foreign exchange management by the commercial units that earn foreign exchange, in accordance with the viewpoint that foreign exchange is common property of the national economy?"

"It isn't a matter of me agreeing or not, because that management mechanism does not fall within the sphere of responsibility of the Ministry of Commerce and Tourism, but of the Vietnam State Bank. Recently, the relaxation of foreign exchange management and failure to implement properly the guidance of the Council of Ministries have affected exporting-importing and domestic commerce. The units been disorganized and confused in doing business, but because of the sector management function our ministry cannot exercise control. It is for the units to make payments in Vietnamese money when doing business within the country, but when they have legitimate import needs the bank must provide the necessary amounts of foreign exchange."

"In your opinion, then, should the exporting-importing units separate exporting and importing?"

"Separating exporting and importing in each unit is meaningless because that can only be accomplished by means of the states exchange rate policy. That matter is relevant to the Ministry of Finance and Banking. The exporting-importing commercial units only want to earn a profit, so they will export or import any product when the exchange rate is right and they can make a product. For that reason, the state, by means of the financial and banking organs, will regulate the economy's foreign trade. Therefore, only with the support of the financial and banking sectors can we stabilize export-import management and foreign trade."

"Recently the state internal commerce sector has also had a bad reputation and 'false fame.' What is your view toward the dominant role of state commerce?"

"The old subsidy viewpoint, according to which the state commerce was dominant in that it had to control the retail and wholesale markets (in accordance with a ratio set via resolutions) and serve as the 'people's housewife', proved to be rather outmoded. We must find ways to reorganize domestic commerce so that it can be in accord with the view point of the economic components advancing together. The state sector should and must control only the key sectors. The state units must be strengthened by means of a new management mechanism so that they can be more appropriate. With the present method of supplying capital, and the lack of a management and control mechanism, the state will never

know in time when the state sector is 'hollow'. I believe that even the state-operated units that are still strong should also try to broken up so that they can have a better management mechanism. Those that are unprofitable should be dissolved and closed down. The longer they are permitted to operate, the greater the state's losses will be."

Thank you, Minister, for having answered our questions.

Open-Door Policy in Economic Relations Discussed

922E0003 Hanoi NGHIEN CUU KINH TE
in Vietnamese Jun 91 pp 3-10

[Article by Nguyen Mai, Ph.D. in economics: "Some Questions Regarding Vietnam's Open-Door Policy in Foreign Economic Relations"]

[Excerpt] [passage omitted]

Vietnam's Pre-1986 Foreign Economic Activities

Vietnam's foreign economic activities before 1986 had been mainly with the Soviet Union and a number of other socialist countries and consisted of export and import of goods, aid and loans for construction in a number of important projects, exchange of students and college students, and labor cooperation. All of those activities had started with governmental accords; on that basis, all levels (ministries, unions of enterprises, corporations, and so on) had been carrying them out without any concern about economic results and their ability to retrieve capital. Consequently, export value had been low, with growth remaining slow: 222.7 million rubles and dollars in 1976; 338.6 million in 1980, 1.5 times higher; and 698.5 million in 1985, 3.2 times higher. During that time, the trade balance deficit had been increasing, 1,158.9 million in 1985 compared to 801 million in 1976. Foreign currencies collected from tourism and services had been negligible. Loans and development aid from governments and international organizations, due to the trade embargo imposed by the United States, had dropped to the lowest levels (except from the Soviet Union and Sweden). Direct investment had not been developed yet as we had not been able to attract foreign capital, with the very large need for domestic capital remaining unfulfilled.

The system of centralism and state subsidies had strongly acted on our foreign economic activities not only by slowing down the pace of development but also by reducing the economic results of our international trade and cooperation.

Major Goals and Principles of Open-Door Policy

The "open door" policy in foreign relations, aimed at expanding economic relations with other countries in the world, is an objective need, an important condition in Vietnam's economic construction.

This policy is based on Vietnam's geographical position and advantages having to do with our natural resources, a labor force that is both abundant and technically capable while still undemanding in terms of high income, and a large consumer market; as well as on the weaknesses of our economy, namely, our underdeveloped industries and technical infrastructure, irrational distribution of the productive force, and poor labor productivity and production efficiency.

The "open door" policy in Vietnam's foreign economic relations is directed at expanding the work-distribution and cooperation relationships with the Soviet Union based on the need for renovation and at the same time creating and gradually expanding relationships with other countries in our region and in the world in the fields that both sides are interested in.

This policy is aimed at attracting capital investment from other countries, accepting and putting to use a number of new modern industries, and creating more jobs for the working people, all for the purpose of carrying out our country's economic development strategy.

The basic principle behind Vietnam's foreign economic activities is to maintain *independence and sovereignty*, to actively expand various relationships in many lively forms and on the basis of *equality and mutual benefit*.

In foreign economic relations, a "point of meeting" must be sought to allow the two sides to attain the interests they need to have. Each side must recognize and accommodate the other side's legitimate interests, on the basis of negotiating to arrive at contract agreements. Vietnam is a country that is encountering many difficulties in its foreign economic activities, particularly in the fields of direct investment and economic cooperation; consequently, the state has set priorities in terms of tax, prices, and administrative procedures to create a favorable environment for foreigners to live and to do business in Vietnam. Legal guarantees granted through political stability also are an important condition for adopting Vietnam's "open door" policy.

Foreign economic activities are aimed at serving the socioeconomic goals in a given period. In the 1990's, the overall goals of Vietnam's socioeconomic strategy are to overcome poverty and backwardness in order to pave the way for large-scale, high-speed, and stable national construction in the beginning of the 21st century. The effectiveness of our foreign economic activities in the coming years will be determined and evaluated in the relationships with these goals.

Some Positions and Policies

To diversify the fields and forms in Vietnam's foreign economic relations is an important direction to take. Our foreign economic activities in recent years were expanding in two ways: **One**, trade and investment cooperation relations have been established with many countries in the region and in the world; **two**, the scope of

these activities was not limited to export and import but has been expanded to include tourism, foreign currency-earning services, and direct foreign investment, and just now to resume with a few countries aid and favorable-term credit loans.

Each and every such activity has its own function but is directly related to other activities, which are to drive one another toward expanding economic cooperation relations between Vietnam and every other country and every international organization.

In recent years, the export-import value has reached a good rate of increase.

Table 3: Total value of export-import (in millions of rubles and dollars)

	Export	Import	Trade deficit
1987	854.2	2,455.1	1,600.4
1988	1,038.4	2,756.7	1,718.3
1989	1,820.0	2,443.7	623.7

In five years (1976-1980), the value of export increased by 152 percent and the value of import, 128 percent; in the 1985-1989 period, by 280 and 160 percent, respectively. A noteworthy fact was that the export value in 1989 showed an increase of 75.3 percent over 1988 because of the export of 1.5 million tons of rice and more than 1.4 million tons of crude oil. As a result, the trade deficit of that year was reduced.

However, considering the needs and potential of our country, we will find that the current export-import value is *extremely small*, which requires that increases be made at a fast pace and on a larger scale in the coming years.

Our foreign trade activities have shown *important changes*:

1. In the past, only foreign trade corporations had been allowed to export and to import; with the new mechanism, production enterprises have the right to sign trade contracts directly with foreign economic organizations, on the basis of financial self-supporting.

2. To put an end to the situation of "competing in buying, competing in selling," export associations can now be established on the basis of *voluntary participation* of foreign-trade producers and business people in each sector, as a precondition for getting major products and large value in our doing business with foreign countries.

3. To adopt the policy of encouraging export through tax exemption or low tax rate imposed on export goods, along with price support given by the state to some groups of goods to compensate for losses sustained by producers while carrying out the government's accords

and as the result of rate of exchange exceeding the set limits. The level of price support has been reduced because the state no longer grants "subsidies" in a widespread manner.

4. To adopt policies to attract import goods by granting favorable tax treatment to the necessary production materials and consumer goods, as well as to nontrade import items. This action has resulted in a volume of goods being available and has reduced the pace of price increases. At the same time, to impose high tax on a number of goods as a protectionist measure in favor of domestic production and to limit the consumption of luxury items being considered unsuitable for the country's needs.

5. In export-import activities, we have switched to making macrocosmic regulatory adjustments, approving taxation measures, and providing guidance regarding price frame or limited pricing (minimum and maximum), which have had positive effects on business activities and have led to more active and flexible foreign trade activities.

In recent years, the state has issued many legal documents and has revised many policies, but because that action was far from uniform and systematic, we now urgently need to improve the export-import business mechanism so as to make sure that certain Vietnamese export goods could compete in international markets.

In addition to expanding our foreign trade relations, on 29 December 1987, the SRV National Assembly passed the *Law on Foreign Investment in Vietnam*.

Between that date and March 1991, the State Cooperation and Investment Commission issued 24 permits involving a total capital investment of U.S.\$1.84 billion; 30 countries in the world had investment activities in Vietnam. In the oil and gas field, in addition to the joint Vietnamese-Soviet gas-oil enterprise, which in 1991 would extract 3.7 million tons of crude oil, 12 product-distribution contracts were signed by Vietnam Oil and Gas General Corporation with a number of national or multinational companies, such as Total (French), BP (British), Petro Canada, Shell (Belgian, Dutch), and so on. With invested capital totaling U.S.\$523 million, these companies are developing oil exploration in a wide territorial sea in Vietnam's continental shelf.

Other permits that have been issued cover other fields like mineral extraction, food, export goods production, engineering, tourism, services, and so on.

Table 4: Capital directly invested in Vietnam through March 1991, by sectors (in 1,000 dollars)

	Numbers of projects	Invested capital	Borrowed capital	Capital set by law	Contributed capital	Foreign side	Vietnamese side
Total	246	1841623	353754	540099	1437103	1221579	213729
1. Industry	130	442657	222603	215241	371961	302197	69763
2. Fisheries	24	149249	78351	67872	70893	39643	31253
3. Oil/gas	12	523200	—	—	523200	523200	—
4. Agriculture forestry	6	177413	110910	66504	66504	46483	20018
5. Tourism-services	60	404191	136888	154268	268834	208889	57913
6. Communications-posts and telecommunications	12	143913	7000	35214	136913	100655	36258
7. Other material production	1	1000	—	1000	1000	310	490

The results brought about by the Law on Foreign Investment in Vietnam, as far as evaluating them on the basis of the present domestic and world conditions is concerned, are *encouraging* in terms of not only the level of capital investment but also the fields of investment and the number of countries making investment in Vietnam. This proves that the line on renovation has been fruitful even in this new field. However, the contributions of investment activities to all three goals, namely, attracting invested capital, getting modern industries, and raising the level of management, have remained extremely modest and have not yet adequately responded to the need for economic development, nor have they been commensurate with our country's potential.

Vietnam's foreign investment law is based on the principle of *equality and mutual benefits*. This law clearly states: "The state of Vietnam guarantees the right of ownership for the invested capital and other interests of foreign organizations and individuals, creates favorable conditions, and sets easy procedures for these organizations and individuals to invest in Vietnam."

- Depending on the various fields, foreigners can choose any of the three forms of investment in Vietnam:

+ Business cooperation contract based on the formula of product distribution or other formula.

+ Joint enterprise or joint corporation, with a country contributing at least 30 percent of the legally set capital and without any limits as to its maximum contributions.

+ Enterprise with 100 percent of foreign capital.

- The state of Vietnam has decided to grant some financial priorities to enterprises having foreign capital, having a legally set capital of more than U.S.\$10 million, being located in unfavorable areas, having a high degree of industrial transfer, being invested within the first five years of the investment law, and so on. The enterprises that are granted such financial priorities pay income tax of only 15-20 percent, while other enterprises pay from 21 to 25 percent.

As for joint enterprises in the priority category, they can be exempted from paying income tax for a maximum period of two years from the time they have profits and enjoy a 50 percent income tax reduction for a maximum subsequent period of two years. In special cases, joint enterprises have to pay income tax on only 10-14 percent of profits, and are exempted from paying income tax for a maximum period of four years and enjoy a 50 percent income tax reduction for a maximum subsequent period of four years.

Foreigners can transfer profits to their own country or a third country and have to pay a tax of 5 or 10 percent of the transferred profit. If they use the profits to reinvest in Vietnam for three years or more, they will be given back the income tax paid on such profits.

The foreign investment law also waives import duties for materials and equipment used as contributions to capital, as well as for materials imported for production of export goods.

The questions that have been raised in regard to direct investment of foreign countries have been being handled. Many documents supplementing the law have been issued along the line of the open-door policy. The enterprise and corporation laws are being drafted. The regulation on bank activities took effect on 1 October 1990. In the time to come, a number of new bills will be submitted to the National Assembly for the purpose of creating more favorable conditions for foreign investors and attracting more capital into Vietnam.

In addition, the foreign currency-earning tourist activities and services, as well as industrial transfers, patent and invention deals, and other foreign economic activities, have increased at a fast rate.

Major Measures

Vietnam's foreign economic relations with other countries depend on the political relations and environment that could be created for various fields. The political relations among nations are very complex and delicate, and move along various trends that are linked with changes in the world political life. Each country must

adjust its political relations with other countries in the direction of ensuring the fulfillment of its strategic goals in each stage.

Foreign economic activities must become a part of the socioeconomic development strategy set for the country as a whole and for each locality. A foreign economic strategy for the last decade of the 20th century, which is being drafted, is linked with the development of various sectors of the national economy, is directed at labor distribution in the region, and gradually plays an increasing role in commerce and economic cooperation with other countries in the region. Vietnam attaches importance to expanding bilateral relations with all countries, as well as multilateral relations with many countries, in all fields of commerce, cooperation, and investment. To fulfill that goal, it will actively resolve obstacles in bilateral relations, as well as the problems in the region that many countries are concerned about.

The law and its stability and unity based on a multicomponent and "open door" economic policy are a very important prerequisite for ensuring fulfillment of the interests and obligations of all parties, mostly of foreign countries in their commercial and investment relations with Vietnam.

Since 1987 the state has promulgated many laws recognizing the right to be treated with equality by the law of all economic components in production, circulation, and services; encouraging all Vietnamese to make money in a legitimate manner; and recognizing goods production and market with a mechanism of flexibly changing prices depending on the supply and demand law. Hundreds of regulatory documents that were linked with the now-defunct system of bureaucratic centralism and state subsidies have become invalid; in their place now there is a system of law being suitable for the economic mechanism based on the principle of financial self-supporting on the part of enterprises, recognition of competition, and state control at the macrocosmic level.

In the foreign economic field, new laws on tax rates and import, customs, foreign investment in Vietnam, industrial transfer, and so on have been promulgated to provide legal protection of interests, and include the necessary priorities aimed at encouraging foreigners to promote economic relations with Vietnam.

The system of law based on the new thinking and mechanism will be supplemented and improved along the line on unity and in compliance with international practices.

The stability and development trend of the country's economic situation, which have created favorable conditions for Vietnamese enterprises to develop commercial relations and to get foreign investment, also constitute a sure guarantee of business benefits in favor of foreigners in economic relations with Vietnam.

The effects of the economic situation are clearly seen on the market. Consumer goods are varied and numerous,

with convenient buying and selling. Because the pace of price increases was clearly reduced in 1989 and early 1990, our currency has been able to maintain a stable value¹, with hoarding, large and small, of materials and goods being basically stopped. That situation was the combined results of many measures, including the direct effects of setting savings interest rates higher than the pace of price increases, with active adjustment being made; applying the levels of commercial credit interest rate, particularly for overdue credit payment; abolishing the two-exchange rate mechanism, with a single rate of exchange set by the state bank on the basis of market changes being applied, and so on. In a number of fields, particularly agriculture, there was obvious improvement. The volume of grain production exceeded the 21.5-million level (1990); now with the abolition of the system of supply in fixed quantities and at single prices for both buying and selling, the supply and demand of grain were kept in a balanced state in the market, and we began to export grain and to increase the national grain reserve. However, the situation in the last quarter of 1990 and in the early part of 1991 became unfavorable for the efforts to move toward socioeconomic stability and had negative effects on our foreign economic activities; at the same time, there appeared many factors that required us to adjust and renovate the economic relations with the Soviet Union and a number of socialist countries so as to increase the rate of economic growth and to raise socioeconomic effectiveness in various fields.

Bureaucracy is an obstacle to expanding our foreign economic relations, creates inconveniences, and reduces economic effectiveness in various fields. The struggle against bureaucracy is being continued and has made obvious progress thanks to abolishing inappropriate regulations and reducing to a minimum the procedures having to do with export-import, customs, and travel and residence of foreigners on Vietnamese territory.

To make a clear distinction between the state management function of the network of executive organs and the business function of enterprises both creates favorable conditions for improving the efficiency of the state machinery and guarantees the right to do business on one's own, as well as improves the economic effectiveness of enterprises. The state has set the status of foreign companies having representatives in Vietnam and has created favorable conditions for them to make direct and quick contact with Vietnamese corporations and enterprises.

The "one door" principle in state management begins being carried out in every foreign economic field. In direct investment activities, the State Cooperation and Investment Commission, with its function of unifying the state management in regard to foreign investment, has been developing activities aimed at speeding up investment, issuing permits to enterprises having foreign capital, controlling and evaluating socioeconomic effectiveness, and at the same time resolving problems having

appeared in investment activities to assist foreign investors in getting appropriate profits.

To expand our foreign economic activities, we must create at any cost an *effective financial and banking system* because any economic activity has a lot to do with getting capital and credit, controlling, and making adjustment through the monetary system. The weakness in our financial and banking activities has become a major obstacle in our economic relations with other countries in general, and in the latter's direct investment in Vietnam in particular.

The financial system in the new mechanism must be uniform and consist of the following components:

- The state management organs in charge of financial affairs, which now exist at both central and local levels and must renovate their operations and be modernized in terms of receiving and processing information, have fulfilled the need for budgetary control and receipt in accordance with the law, at the same time have encouraged legitimate business activities, and have been preventing and dealing with illegal activities.

- The organs in charge of guaranteeing economic activities of all kinds through state and nonstate insurance corporations in various forms. The business-guaranteeing activities must be developed at the same pace as the growth of investment and must comply with international practices. The experience of many countries points to the need for many insurance systems and many kinds of insurance corporations.

- Financial corporations and financial consulting corporations are the category of corporations that does not exist in our country yet but are very necessary for a nation's investment activities.

Corporations of this kind, which exist in large numbers in other countries, create capital for investors, assist investors in resolving financial problems in their business, and at the same time assist state organs in controlling financial reports of enterprises.

There must be studies aimed at running pilot projects and later expanding this category of corporations as joint ventures with foreign countries, with new financial consulting corporations or branches of such corporations abroad being opened in Vietnam.

The banking system, which was established by the State Bank Regulation and Regulation on Banks, Credit Cooperatives, and Financial Corporations, has been being effective since 1 October 1990. Therefore, here we emphasize just a few points as follows:

Banks not only serve but also encourage and set the direction for investment and business. Wherever banks expand vigorously, there are many banks, and there is a widespread payment and credit system, business is bound to be busy and economic activities are bound to become lively². The real situation of our banks shows that we have a long way to go before reaching that level.

Consequently, to allow foreign banks to set up branches in Vietnam and to establish joint banks with other countries has become more urgent both as a prerequisite for attracting investors to Vietnam and as an environment for training Vietnamese bank cadres and making our banking system mature quickly³. We must naturally pay attention to the role of banks toward our economy, carefully select foreign banks, and be aware of the possibility of such banks taking advantage of our open-door policy to control our country's economy. However, we should not emphasize such a negative action in a one-way manner, for foreign banks themselves are looking for markets and must carefully consider many things; furthermore, it is not easy to attract them when they have not yet seen the prospects for Vietnam's economic growth.

We must study these issues in a basic manner in order to draft plans for establishing a few financial-banking centers in our country, first in Hanoi and Ho Chi Minh City, just as we would draft plans for setting up a stock exchange after stock corporations have been born.

In our doing business with the world, as well as in investment activities, a major weakness on the part of Vietnamese state organs and corporation directors is *the lack of knowledge of commercial law and other international laws*. As a result, we have suffered losses in our deals and in signing contracts and have been at a disadvantage for resolving international disputes. To overcome that weakness, we must do a lot of work and quickly train thousands of people in appropriate ways to provide them with the knowledges we are lacking. We must boldly cooperate with international institutes and law firms in opening legal training courses in Vietnam and send many of our cadres who have graduated from law or economics colleges to these institutes and law firms, where they will work and get trained, so as to form within a few years a group of commercial law and international economics specialists of our own. We must study the establishment of a few experimental legal consulting corporations with the assistance of a number of selected foreign institutes or firms; we may also permit the opening of branches of foreign legal consulting companies in Hanoi and Ho Chi Minh City, with cooperation of Vietnamese.

The lack of such legal organizations also will be an obstacle to foreign investment activities, as well as to expanding foreign relations.

The recent seminars have shown that *because our investment propaganda and speeding-up work have just begun, many people do not even know the contents of Vietnam's Investment Law and actual policies*. A characteristic on the part of foreign businessmen is that they do not want other people to know what they know about Vietnam and that they sometimes exaggerate our weaknesses so that few people would come to invest in Vietnam, which means they would have fewer competitors and consequently could bargain with us more easily.

Our embassies abroad have not yet been assigned clear-cut tasks, nor have they fully seen the necessity for doing the work of speeding up investment, or do not have enough cadres, money, and means to do it. As a result, we must study ways to coordinate foreign economic activities, set up a "caterer" system abroad, and create a modern information network to provide business people in the country with timely and necessary information about markets, industries, and deals with the outside world.

Prospects

Vietnam's economic relations must be with the countries that are in a position to deal with us and must be developed at an increasing rate in the coming years, along with a fruitful fulfillment of our renovating task.

This will be reflected in increases of the value of export-import and changes in the allocation of import goods, in direct investment activities, as well as in the field of international tourism and industrial transfer.

Compared to the first six months of 1989, from January through June 1990 the number of applications for investment in our country was doubled, the number of projects being issued permits increased by 2.8 times, and the capital invested by foreign countries, by 1.56 times. In the first quarter of 1991, the total amount of foreign capital being issued permits was US\$370 million, equal to 25 percent of the three preceding years combined.

At present, a number of large groups and multinational companies are negotiating some major projects involving oil refining, petrochemistry, fertilizer production, extraction of coal and minerals, steel smelting, extraction of bauxite, aluminum smelting, and so on; a few major projects, such as construction of a food factory complex and production of monosodium glutamate, have actually started.

Some foreign investors also are interested in cooperation in the field of building harbors, airfields, and manufacturing and production centers. Unlike most recent industrial projects being of small scale, less than 5 million dollars' worth each, more recently we have had one being worth 185 million dollars, and we are writing feasibility arguments for such projects as an oil refinery having a capacity of 5.5 million tons/year, extraction of iron ore reaching an output of 10 million tons/year, and so on, all with invested capital totaling billions of dollars.

In the field of industry, the small- and medium-scale projects have a special importance in industrial renovation and in creating new jobs in light industry, such as ready-made clothing, tanning, shoe production, food processing, and so on. However, to overcome the country's poverty and backwardness and to basically change the economic structure, we must create attractive conditions for large-scale ones, which are especially important, with capital being invested in the key economic sectors, and adopt correct policies aimed at drafting early and developing such projects.

Some small improvement in the relations between Vietnam and the United States, as well as in the normalization of relations between Vietnam and China, and the contacts at governmental level between Vietnam and

France, Italy, and other countries will certainly create a favorable environment for the development of trade relations, aid and favorable-terms credit, and direct investment. On its part, Vietnam resolutely takes the road to renovation and opens its door to the outside world, and has gotten positive evaluation from the governments of many countries and from many businessmen.

In the field of direct investment, 180 priority (phase one) projects have been announced and aimed at attracting capital from foreign countries to be concentrated on these fields:

- Extraction of natural resources such as oil and gas, iron ore, bauxite, copper, rare earth, and so on, and industrial enterprises for using these resources to make products. In this field, depending on actual projects, we may start from extracting minerals for export to get initial capital and later building manufacturing enterprises, or from manufacturing with imported raw materials and after a while proceeding with extracting minerals.

- Industries producing goods for export and for replacing imported goods, including projects having to do with ready-made clothing, woven materials, leather articles, food processing, and so on, with the invested capital being not so large but capable of creating many jobs and satisfying the need for transfer of capital and technology from a number of developed industrialized countries in the region; at the same time, projects at high industrial level such as those involving electronics and computer science, electric appliances, biology, and so on.

- Construction of hotels, expansion of tourism, improving and upgrading of seaports, airfields, roads, and means of information and liaison. (passage omitted)

Footnotes

1.

Monthly retail price indexes of 1988 and 1989 (%)

	1988	1989
January	118.3	107.4
February	114.0	109.2
March	128.4	105.4
April	123.8	103.1
May	127.6	98.8
June	116.8	97.1
July	109.6	96.3
August	107.5	100.2
September	106.5	101.5
October	108.6	—
November	108.3	102.1
December	105.3	103.2
Monthly average	114.2	102.1

Average monthly retail price index of first six months of 1990: 102.1%.

2. Because Hong Kong has tens of thousands of companies from hundreds of countries and branches of very many banks, including almost all of the largest banks in the world, from the economic standpoint Hong Kong is a world in miniature.

3. Foreign bank branches in a given country usually hire local people to fill 90-95 percent of their personnel; these local people, by learning professional practices and how to use modern equipment, will become the hard-core force in the personnel of that country's own banks.

Gold Prospecting in Bong Mieu Described

922E00144 Ho Chi Minh City TUCN TRE CHU
NHAT in Vietnamese 8 Sep 91 p 7

[Article by Minh Duc]

[Text] Located 85 km from Danang, the Bong Mieu gold mine is thought to be the largest gold mine in the country. During the French colonial period, the gold here was mined using slope mining methods, mostly manual, with 13 mine openings and 20 km of tunnels. In 1942, the French withdrew after extracting more than 500,000 tons of ore, from which was extracted 3.5 tons of gold. In 1988, the mine was put into operation again for the first time since the country was unified. The Bong Mieu Gold Mining Enterprise was established just to protect the mine and mine gold. How much gold has been extracted during the past 3 years? This is a difficult question to answer, because in addition to the 80 workers who work here on contract, hundreds of people "sneak" into the mine shafts, and the enterprise can't prevent this. Recently, the press reported that a joint Vietnamese-Australian gold mining enterprise had been established, which will end the wasteful mining of our country's resource. But how much gold is left there?

There are two roads to the Bong Mieu gold mine. During the rainy season, the road from Tam Ky City past Tien Phuoc to Tam Lanh Village is very muddy. Reaching the mine using this road is very difficult. The other road is much more convenient, but it takes a long time to reach the mine. Starting from Tam Ky City, it takes 45 minutes to pass Phu Ninh Lake, and then you have to go over several hills to get to Tam Lanh Village. And from Tam Lanh, you have to walk another 6 km over hills to get to the Co Bay valley. The hills seem to stretch on forever, and the terrain is very wild and gloomy. Along the road, hundreds of people carrying backpacks can be seen. They all have dark faces, and they look at you suspiciously. These are people who are returning from the mines and who are taking chunks of ore to sell or sift for gold.

Even though the Quang Nam-Danang provincial people's committee ordered the mine closed as of 1 August in order to bring in Australians and equipment, the number of people "sneaking" into the mine has not declined. Each night, on the hill tops in jungle deep-pools, hundreds of people look for ways to get into the mine shafts. Getting there, they face a mountain of gold. Sneaking about the dark shafts, they use chisels to bore

holes large enough to place explosives. When a charge goes off, chunks of gold ore are thrown all around. These chunks of ore must be processed several times in order to extract tiny pieces of gold. The first step is to smash the chunks into smaller pieces. They then put the pieces of ore into a stone crusher. However, they use iron pans to sift out the gold in small streams. Now that the mine has been ordered closed, Hieu, who comes from Tam Lanh Village and who used to work on contract for the gold mining enterprise, now has to sneak into the mine. He said:

"All we have to do is get the ore past Doc Deo and then we can do whatever we want." In Tam Lanh Village, there are now more than 20 privately-owned stone crushers that are in operation day and night. In the past, they purchased five parts of gold for every ton of "de" (ore that has been washed twice). Now the ore is bought and sold secretly. The miners can carry 40-50 kg of ore each time and sell it to the owners of the crushers for about 1,000 dong per kg. Mr. Th. said the following about his job: "It's very difficult, but it's better than farming, which pays very little and which is very uncertain." In Tam Lanh Village today, two people, Thu and Loi, have grown wealthy from mining gold. After mining gold for one year, each one had found almost 100 ounces of gold.

Deciding to take road 5 past A and D to Ngach Chum and then return to Nha Thung, I saw a lot of gold. The miners had composed a song about this for themselves. But no one could sing this song. During the past three years, there have been more than 30 accidents stemming from the use of explosive charges. In the mine shaft, there was a corpse that had been decomposing for a long time. Accidents happen there quite frequently. But regardless of that, the prospect of finding gold has brightened the faces of thousands of people from all around.

Today, there are 10 policemen and soldiers who, together with the 18 people from the enterprise, patrol the area around the mine day and night. At night, you can hear gun shots in the jungle. But they just fire shots as a warning. When they catch someone mining gold, the only thing they can do is confiscate the ore and release the person. This does not deter the hundreds of people who cross the mountains to get to the 13 shafts deep inside the Kem mountain.

On 5 March, State Commission for Foreign Cooperation and Investment signed a decision establishing the Bong Mieu Gold Mining Corporation, or Bocomin Co. Ltd. for short. This corporation is a joint venture between the Australian Convictory and Garimpeiros corporations and the Bong Mieu Gold Mining Enterprise and the Mineral Mining Corporation (Mideco). According to the agreement, Australia will put up 80 percent of the capital and Vietnam will put up 20 percent. The profits will be divided that way, too. One month ago, the corporation held its first meeting in order to elect a management

board composed of six people, two of whom are Vietnamese. According to the agreement, Germany will bring in modern technical equipment using "xinuya" methods and extract the gold directly from the ore. During the first year, they will mine 50,000 tons of ore. The second year, this will increase to 200,000 tons. The figures on the remaining amount of gold here are just rough estimates. In the past, the French said that each ton of ore contained only about 7 grams of gold. Now, the Australians say that there are only about 5 grams of gold per ton of ore. The Vietnam Mining and Geology General Department estimates that about 3.5-6 tons of gold remain, but the Australians say that about 25 tons of gold remain. Thus, according to the contract, the life of the corporation is to be 25 years. But besides mining gold, it must also conduct surveys. According to the plan, if the price of gold reaches \$400 per troy ounce, the corporation will recover its capital in three years.

According to the documents, Australia and Quang Nam-Danang Province must provide \$13.2 million, of which \$1 million is fixed by law. But to date, Australia has not provided any money at all even though the six-month time limit specified in the contract has almost expired. Less Woolcock, the director of the joint corporation, discussed the difficulties of this work: "Refining the pure gold will be done in Perth, Australia, after preliminary processing in Vietnam. Thus, three accounts must be opened for product sales, one for Australia, one for Vietnam, and one for the joint corporation. But at present, the only account Vietnam has is with a bank in Hong Kong and so it is difficult to transfer money for investment. The Australian corporations transferred \$7,000 to cover the initial expenses, but to date (after two months) the money hasn't arrived." Dong, the director of the Quang Nam-Danang Provincial Industrial Service, said that the work of the joint venture is all on the table. As for the gold reserves, if the Australian estimates are correct, Vietnam's investment will be very small—the loss will come when the profits are distributed. But even 10 percent of the capital is a rather heavy burden for the province. During the meeting to elect a management board, Quang Nam-Danang Province had to pledge the existing fixed assets at the mine to serve as its share of the capital. Are we being forced to invest in the exploitation of our country's valuable resources? Vu Huy, the enterprise director, said that we are unwise selling our resources instead of exploiting them.

At Bong Mieu, people are striving to mine gold before the Australians arrive. Every day, hundreds of tons of ore are secretly brought out of the tunnels. The steep and muddy roads here still pose a major challenge in bringing in equipment and machinery. Doing this again will cost about 20 billion dong, and that does not include the cost of laying electrical power lines. For those secretly engaged in gold mining here, the sun seems to be behind Kem mountain.

Rising Coffee Production, Export Noted

92SE0004C Hanoi VIETNAM WEEKLY in English
5 Aug 91 p 10

[Article by Huong Lan: "Coffee Growing in Vietnam"]

[Text] Ten Years: A Leap Forward

Coffee, an imported crop, has been grown in Vietnam for more than 100 years but coffee growing has become a specialized occupation and has strongly developed only over the last 10 years. While previously it was planted only in scattered plantations and farms in the southern highlands, in Gia Lai-Kontum, Dac Lac, Lam Dong, in recent years it has spread to the northern uplands and highlands: Nghe Tinh, Thanh Hoa, Bac Thai, Son La, Lai Chau and Vinh Phu.

Before 1976 we had only 10,000 ha under coffee in the whole country. Starting in the 1980s the State has encouraged the planting and processing of this crop. At present, the areas under coffee cover a total of 130,000 ha with a total output of 65,000 tonnes. From 1981 to 1988, as the price of coffee rose sharply the area under coffee also expanded. Annually, 15,000-18,000 more ha were planted on an average. Dac Lac province in the Central highlands was a typical example. In 1975 it had only 1,753 ha under coffee; in 1984 this figure rose nearly twofold; in 1990 it reached 55,000 ha accounting for half of the national production. According to a preliminary survey, coffee grown by private individuals accounted for 29,000 ha, with investments totalling 90 million U.S. dollars.

Cooperation With Foreign Countries for Funds and Markets

The potential for coffee, growing in Vietnam is great but has been restricted by lack of funds. Expenditure for planting coffee on a hectare of land is 3,660,000 dong, and for the harvest of every tonne of coffee 3,050,000 dong should be invested. Coffee growing requires huge funds, not to mention the costs of the socio-cultural requirements of the local people.

In order to obtain more funds, the Vietnam coffee industry has expanded its cooperation with foreign partners.

In the past, programmes of cooperation were concluded with the Soviet Union and a number of Eastern European countries. They consisted in contracting loans for planting more coffee and putting old plantations under intensive cultivation. The loans could be in foreign currency or given in the form of fertilizer, fuel, machinery and equipment. They were paid back with products. With the policy of renewal Vietnam has not only maintained that cooperation but has also expanded its relations with foreign countries and corporations as well as with international organizations. The coffee industry has received financial support of 1.5 million U.S. dollars from UNDP (United Nations Development Program) under the VIE-80/008 project. This project

consists in equipping a number of laboratories and helping train a contingent of specialists for the Coffee Research Institute in Dac Lac province, in order to develop a coffee strain with high productivity and good product quality. Besides Vietnam has on numerous occasions exchanged experts with other countries, sent delegations abroad for study and exchange of views and experience, and has taken part in international fairs, looking for marketing opportunities. Visible results have been obtained: from 1981 to 1990, the area under coffee increased 7-8 times and coffee exports went up from 4,161 tonnes in 1982, to 62,500 tonnes in 1990, with a value of more than 80 million roubles and U.S. dollars. In the first quarter of this year (1991) Vietnam exported 37,000 tonnes to the Soviet Union, Czechoslovakia, Germany, France, Austria, Britain, Singapore, Hong Kong, Algeria and other places.

With a view to broadening relations on the world coffee market, in September 1990 Vietnam took part in the 56th conference of the International Coffee Council. At this meeting Vietnam applied to join the International Coffee Organization (ICO). On 26 March 1991, Vietnam was officially recognized as a member of this organization in its capacity as a coffee-exporting country.

The Vietnam Coffee Union (VINACAFE), a State-run organization, is planning to expand the area under coffee, so that by 1995 it will have achieved an output of 150,000 tonnes while ceaselessly improving the quality of its products. It will plant tens of thousands more hectares of arabica coffee, a favourite on world markets. The Union has also broadened its coffee processing capacity, raising the output of its Bien Hoa factory in instant coffee from 80 tonnes to 300 tonnes per year. Depending on marketing possibilities, the Union may build another plant producing 1,000 tonnes of instant coffee per year.

Company Increases Clothing Export

92SE0004A Hanoi VIETNAM WEEKLY in English
5 Aug 91 p 2

[Text] Huy Hoang Company, Ltd., founded in Ho Chi Minh City two years ago with an initial prescribed capital of \$1.2 million deposited at the industrial and Commercial Bank and Vietcombank, is one of the many private concerns that have made good in Vietnam.

It is also one of the first to have obtained permission for direct export and import. Its well-designed articles such as winter-autumn jackets, coats, children and women's clothes shirts and other high-quality garments are now on sale in the Soviet Union, Poland, South Korea, Japan, Hongkong, Taiwan, Germany, Sweden and other foreign markets. Export values in the first half of this year totalled \$5 million.

Its two workshops are equipped with Japanese American and German machines and are manned by skilled workers.

The chairman of the board of directors, Mr. Le Van Kiem, told a VNS reporter that another workshop employing 2500 workers will soon be set up to raise the company's production capacity to 1-1.5 million articles a year. Annual output values will then rise to \$20 million, he added.

Mr. Kiem also said his company would diversify its operation by entering into partnership with foreign companies in interior decoration and construction.

Cashew Production, Export on the Increase

92SE0004B Hanoi VIETNAM WEEKLY in English
5 Aug 91 p 8

[Text] Over the past ten years, the cashew-growing areas in Vietnam have expanded from 30,000 hectares to nearly 200,000 hectares and the export value of this product has risen to \$30 million annually in the past two years. Vietnam with an expected yield this year of 40,000 tons ranks third (after India and Brazil) among the ten cashew-exporting countries in the world. Cashew growing has been developing fast in comparison with other industrial crops in the country, and is likely to bring about an export value of \$50 million per year in near future.

As the cashew-growing areas expand, more cashew-processing plants have been built in Ho Chi Minh City and various southern provinces. Up to now, 12 plants with a total capacity of 15,000 tons per year have been put into commission. But due to the shortage of capital, each plant could purchase no more than 500 to 1,000 tons of cashews per crop, supplying material for only 20 to 50 percent of its processing capacity. Meanwhile, the rest of the cashew yield (from 80 to 90 percent) was exported in its crude form by various export-import companies.

It is recognized that the tax levied on processed cashews is too high in comparison with that levied on the crude product. This leads to the massive export of crude cashew, while almost all workers at cashew-processing plants are out of work. To rectify these absurdities, recommendations have been made for a reasonable policy for the export of cashews, including adjustments in taxation and priority in capital lending to cashew-processing enterprises.

SOCIAL

Labor Minister Interviewed on Unemployment

92SE0003A Hanoi VIETNAM COURIER in English
Aug 91 p 5

[Interview with Minister of Labor, War Invalids and Social Affairs Tran Dinh Hoan by VIETNAM COURIER, recorded by Dao Quang Binh; place and date not given]

[Text] QUESTION: Unemployment has always been one of the biggest social problems in almost all countries. In Vietnam, this problem shrank back over many past years in a subsidized economy. After a few years of renewal, the economy has been shifted to a market one. Unemployment has become inevitable. Would you, please, Mr. Minister, tell us the actual situation in this field. Has unemployment in Vietnam any specific features in comparison with other countries?

ANSWER: According to the April 1989 census, there were in Vietnam 660,000 unemployed among urban people of working age, 9.1 per cent of the labor force in towns and cities. According to the opinion prevailing in the world, this is an alarming rate. In our countryside, the useful working time is now only 50 per cent. Generally speaking, supply exceeds demand. Cases happen when laborers are compelled to accept too low wages for their work. For instance, some college graduates receive, monthly salaries of only 27,000 dong; that is a too small sum for their work.

It can be said that employment is becoming a serious problem, and there is no need to conceal it: obviously unemployment is there in our country.

In present-day Vietnam, no less than 95 per cent of the unemployed are young people from 15 to 30 years of age. We have no unemployment allowances as in a number of other countries. Unemployment happens while Vietnam is at an important turning point, having to overcome the weaknesses of an underdeveloped economy, and at the same time, to cope with negative social phenomena caused by the subsidized bureaucratic mechanism. Therefore, unemployment easily leads the young people to have wrong views of the socialist regime. It has created negative deeds and social evils. In the past year and more, besides the unemployed who have never had any job or trade, there have appeared unemployed people having a profession. These are redundant workers from the State sector, people returning from a stay for labour cooperation in foreign countries, and graduates trained at home or abroad who have not been able to find a job.

QUESTION: Would you, please, Mr. Minister, analyze the causes of unemployment in our country?

ANSWER: In our country, the economy has not yet been developed but there has been a population explosion and a redundancy of the labour force which was particularly serious in the 60's and 70's. The population increased like rising waves. The total number of people who reach working age rapidly increases each year at a rate of 3.2-3.5 per cent, a significant rate for countries with a big population.

In the world, an annual 2-per cent increase of the labor force is already alarming.

The population explosion and the redundancy of the labour force are objective facts—a natural cause which is

not easy to overcome rapidly. The labor increase is expected to reach about 2.2 per cent by the year 2000, which is an alarming rate.

Meanwhile, responsible authorities, while realizing the urgency of the problem of labour and employment, have not made appropriate budget investment to solve the problem of jobs, nor worked out a national programme on this subject. A UNDP [United Nations Development Program] representative has told us that Vietnamese consultant organs have not yet realized that employment is now the number one problem, and that the Vietnamese Government has agreed that we can set aside one-fifth (10 million out of 50 million U.S. dollars) of the UNDP fund in 1992-1996 to help Vietnam solve the problem of employment.

On the other hand, speaking of labor and employment, we should speak of skills. Ninety-five per cent of unemployed people of working age in present-day Vietnam have no professional qualifications. Without a profession, it is very difficult to find a job! Intellectual workers are very important, but are not available in numbers at once. There are among them people who have no job or who are not employed in the trades they have been trained for. The people that the country needs most are skilled workers. Yet each year, leaving aside ten or twenty thousand students admitted into establishments of higher learning, 280,000-290,000 out of the 300,000 graduates from secondary general education schools have practically no vocational training.

Have we not failed in education work to pay due attention to vocational training which is very important for national construction?

An important cause of labor redundancy and job shortage is the fact that our economy is shifting from one of bureaucratic centralism with two main sectors (the State-owned and the collective ones) to a multi-sector commodity economy.

In the renewal process, labor redundancy is inevitable. Labor redundancy in State-owned enterprises now accounts for 30 to 50 per cent, and even 70 per cent in some units.

QUESTION: The Ministry of Labor, War Invalids and Social Affairs is the State body bearing the main responsibility for resolving the unemployment problem. Please, Mr. Minister, tell us some concrete results achieved in this work.

ANSWER: In my view, besides our ministry, forestry, agriculture and fishery have the greatest possibilities to solve the employment problem. First, they can easily attract much labor. In Long An province for instance, labor units have been set up, and within only two or three years, nearly 20,000 hectares of land in Dong Thap Muoi (Plain of Reeds) have been reclaimed and put under rice. This alone has provided jobs for over 40,000 people.

To invest in agriculture, forestry and fishery has been a correct direction to solve the unemployment problem. Capital investment needed for one hectare of arable land as in Long An is only about two million dong. Ben Tre and Tien Giang provinces are applying Long An's experience. They are cooperating with Long An in moving people to Dong Thap Muoi.

Our country has still great potentials in agriculture, forestry and fishery awaiting investment programmes. On the other hand, 13 million hectares of bare hills, 200,000 hectares of lakes, ponds and lagoons constitute a potential to be tapped. But prerequisites should be rapidly created for realizing those possibilities. New policies should be put in practice at an early date. The most important issues are the right to use land and to transfer ownership over it, and a substantial fund for settlement in new lands.

In cities, the authorities at all levels, the various branches can also solve themselves the employment problem. Ho Chi Minh City is following a correct direction. In a multi-sector commodity economy with market competition, there have appeared employment agencies and vocational training centres. The city has provided jobs for more than 50,000 shock youths. It has helped tens of thousands of prostitutes and drug addicts earn their living with their own labour.

Hanoi and other cities are doing the same.

Industrial and construction branches are redistributing their labor force. Most of more than 40,000 redundant workers from production units have found jobs in other economic sectors.

Owners of business enterprises (private or State-owned ones) are emerging in towns and cities. They are operating more efficiently in Ho Chi Minh City than in Hanoi. A significant number of laborers can be attracted to such enterprises. Besides there are small patrons hiring workers on a regular or periodical basis, five to ten for each unit. This alone has created more than 100,000 jobs.

There are also people who are both patrons and workers. They do not hire laborers but manage themselves their commodity production.

QUESTION: The Seventh Congress of the Communist Party of Vietnam considered the problem of labor and employment as an important one. Would you, please, Mr. Minister, tell us the major orientations and specific measures to solve this problem in the coming period. Labor cooperation with foreign countries will continue, I suppose.

ANSWER: The Seventh Congress of the Communist Party of Vietnam laid down as an objective of prime importance the strategy for socio-economic stabilization and development up to the year 2000: the resolution of the employment problem and the maximum utilization

of the social labor potentiality; at the same time, it decided to carry out a State programme on employment.

The objective of this programme is to provide, with every measure and form, jobs for the major part of social labor, to ensure for laborers enough earning to support themselves and their families and at the same time, make contributions to society.

The major policies and viewpoints on providing jobs for social labor are as follows:

- To continue to thoroughly enfranchise labor potentials. This will first of all depend on the determination of the system of mechanisms, policies and laws in a spirit of renewal with a view to creating an environment and conditions for the laborers to freely earn their living, to create lawful jobs for themselves and others.
- To continue to vigorously develop the commodity economy along a socialist orientation, to broaden external economic relations. With this orientation, a labor market will inevitably take shape and develop in an integrated social market system.
- To persistently implement the guiding principle: the State has a system of laws, mechanisms and policies to encourage the people to create themselves jobs in all economic sectors, at the same time, to clearly define the role of the State in the organization and management of labor and the provision of jobs.
- To diversify jobs and sources of incomes, to strongly develop various forms of production, business and services in overlapping forms of ownership; to pay great attention to the forms capable of attracting labor and conforming to the conditions of the labor market.

In order to achieve the above-mentioned objectives, we are of the view that it is imperative to determine major forms to solve the employment problem and decide on corresponding mechanisms and policies.

As an immediate step, the following forms can be taken to solve the employment problem:

- To continue to redistribute the rural population and labor with a view to gradually overcoming the shortage of jobs in the countryside.
- To step up resettlement of people in integrated socio-economic zones.
- To broaden the sending of laborers to foreign countries.
- To develop small-and medium-size workshops; to achieve an integrated development of production, businesses and services.
- To develop the production of consumer goods and goods processed with supplied materials for export.
- To restore and develop traditional trades.
- To encourage free movement and occupation.
- To continue organizing shock youth groups to build economic zones.
- To provide jobs to handicapped people.

- To encourage the armed forces to engage in economic activities;
- To establish associations and unions for economic activities;
- To effectively organize the programme for providing jobs to repatriates and other people.

Experience has shown that in the above-mentioned measures to create jobs, an important place is to be given to the dispatch of Vietnamese laborers to foreign countries and the drawing in of foreign investment to use Vietnam's abundant sources of labor. This is a special kind of external economic activities having strategic significance and aimed at achieving overall socio-economic effectiveness. The Council of Ministers has recently promulgated labor regulations for enterprises with foreign investment and the Ministry of Labor, War Invalids and Social Affairs has issued a directive for their implementation. The Council of Ministers will issue new regulations on sending Vietnamese laborers to work in foreign countries. These regulations are aimed at diversifying the modes and forms of international labor cooperation applied to all countries which need Vietnamese labor. They authorize economic units (State-owned or collective ones) to directly sign labor-supply contracts with foreign enterprises.

Article Discusses Population Growth

92SE00038 Hanoi VIETNAM COURIER in English
Aug 91 p 10

[Article by Van Huong: "During the 1990's Vietnam Still Faces a Rather Big Problem: Population Growth"]

[Text] According to preliminary statistics made available by the National Committee for Population and Family Planning Vietnam's population in early 1991 has reached approximately 67 million, ranking thirteenth in the world. Thus, about two years only after the second general population census in 1989, the population of Vietnam has increased by 2.5 million. With such a population growth rate Vietnam will have exceeded the 80-million mark by the year 2000.

From the first general population census in 1979 until now Vietnam's population has increased from 52.7 million to 67 million. With this rate of population growth, it is quite easy to imagine the big difficulties being encountered by the Government in its effort to care for the health and other aspects of over 14 million children born in the course of the past ten years and more.

Right when embarking upon the 90's, the Government of Vietnam has contemplated measures for resolving the population problem, considered as the second national priority after the rapid increase of food production. It is planning to reduce the birth indices by five per thousand a year so that the population forecasts will be 79.5 million in the year 2000 and 95 million in 2025 with a view to finally stabilizing Vietnam's population around

100 million by the year 2030. But according to population experts, these planned targets would be hard to be realized if effective and urgent measures were not to be taken right from now.

A high birth rate (3.1 per cent in 1988) and a relatively low mortality rate (between 0.7 and 0.8 per cent in 1988) thanks to successful applications of modern medical and health-care achievements during the past decades have helped create a very young population structure in Vietnam.

According to statistics, by zero hour on 1 April 1989 the number of children under 14 years of age accounted for 39.2 percent while the aged people over 60 made up only 7.2 percent of the total population, thus the average age of the Vietnamese was then 21.2 years.

This young population structure has exerted a strong pressure in the domains of education, job-training, employment and also many other aspects of social life.

Another fact to be noted is the high fertility of Vietnamese women. Between now and the year 2000, there will be averagely every year more than 500,000 women enlisting in the ranks of those capable of bearing children, who are said to be already too numerous (by 1 April 1989, there were as many as 16 million child-bearing-age women, making up 48.4 per cent of the total number of females). That would create more difficulties for the population and family planning programme in the coming one or two decades.

The rapid population growth has caused an increase in the average population density throughout the country from 159 persons per square kilometre in 1979 to 194 persons. High population densities are recorded in Hanoi capital city with 1,427 persons, and Ho Chi Minh City with 1,883 persons per square kilometre. Then come two key rice-growing areas in the country, namely the delta of the Mekong River in the South and that of the Red River in the North with a population density of over 300 persons per square kilometre while the Central provinces have lower population densities varying from 100 to 200 persons per square kilometre. It should be said that in the Central Highlands, the population density stands under the 100-mark or even is only several dozens per square kilometre (in Lai Chau Province: 26 persons per sq km).

Another cause leading to the population growth in Vietnam is the slow pace of the process of urbanization of only 2.98 percent in the past ten years. For that reason the urban population who usually adopt the small-sized family pattern has not been capable of counterbalancing the birth rate recorded among about 80 per cent of the Vietnamese living in rural areas. The inhabitants of these areas with low educational and cultural standards and still engaged in a backward and rudimentary mode of production, to say nothing of their customary way of thinking highly of males and slighting females and regarding a large family as a happy one, have advocated giving birth to more children and this is the very cause of

the rapid population growth in the countryside. In Vietnam today, the population is mainly concentrated in two deltas—that of the Red River and that of the Mekong River (43.1 per cent of the total population...); then come the Central provinces with 27.5 per cent. The National Committee for Population and Family Planning considers a solution to the population problem in these three areas to be a key point in the population and family planning programme in the present decade.

From the early 60's, the Vietnamese Government has paid due attention to vigorously developing a population and family planning programme, notably the work of caring for mother and child's health. Recently, the Seventh National Congress of the Communist Party of Vietnam reaffirmed the importance of the population work in the overall strategy for socio-economic stabilization and development, expressed the determination of the Vietnamese Government and people to resolve the population problem through a broad and deep social campaign to raise the people's educational standards, develop culture, promote a new way of life based on the free will and own interests of everybody. Each Vietnamese household has at present on an average four children. The government is determined to put into practice a small-sized family pattern through a set of policies encouraging and at the same time compelling married couples to have each one child or two children only.

BIOGRAPHIC

Information on Personalities

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[Editorial Report] The following information on Vietnamese personalities has been extracted from Vietnamese language sources published in Hanoi, unless otherwise indicated. An asterisk indicates that this is the first known press reference to this individual functioning in this capacity.

Nguyen Van An [NGUYEENX VAWN AN]

Deputy director of the Organization Department of the CPV [Communist Party of Vietnam] Central Committee; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Do Van An [DOOX VAWN AAN]

CPV secretary of Son La Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Ba [NGUYEENX BAS]

CPV secretary of Nghe Tinh Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Duc Binh [NGUYEENX DUWCS BINHF]

Director of the Nguyen Ai Quoc Institute; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Le Duc Binh [LEE DUWCS BINHF]

CPV secretary of Hai Hung Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Thoi Bung [NGUYEENX THOIS BUWNG], Lieutenant General

Deputy chief of the General Staff of the Vietnam People's Army (VPA); *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Manh Cam [NGUYEENX MANH CAAMF]

SRV ambassador to the Soviet Union; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Manh Cam [NGUYEENX MANHJ CAAMF]

Minister of foreign affairs; on 10 August he was elected to this position by the National Assembly. (NHAN DAN 12 Aug 91 p 1)

Nguyen Ky Cam [NGUYEENX KYF CAAMR]

State inspector general; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Huynh Van Can [HUYNHF VAWN CAANF]

CPV secretary of Dac Lac Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Van Chi [NGUYEENX VAWN CHI]

CPV secretary of Quang Nam-Da Nang Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Vo Tran Chi [VOX TRANF CHIS]

CPV secretary of Ho Chi Minh City; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Do Chinh [DOOX CHINHS]

Director of the Economics Department of the CPV Central Committee; *member of the Central Committee of the CPV Seventh National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Van Chieu [NGUYEENX VAWN CHIEEUF]

CPV secretary of Long An Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Van Chinh [NGUYEENX VAWN CHINHS]

First deputy director of the Organization Department of the CPV Central Committee; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Chon [NGUYEENX CHOWN], Colonel General

Deputy chief of the General Staff of the Vietnam People's Army (VPA); *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Dang Vu Chu [DAWNF VUX CHUW]

Minister of light industry; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Nguyen Nhieu Coc [NGUYEENX NHIEEU COOCS]

Deputy CPV secretary and chairman of the People's Committee, Ha Son Binh Province; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Tran Quang Co [TRAANF QUANG COW]

Deputy minister of foreign affairs; *member of the Central Committee of the Seventh CPV National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Vu Dinh Cu [VUX DINHF CUWJ]

Deputy director of the Vietnam Science Institute; *member of the Central Committee of the Seventh CP National Congress; he was elected to the latter position at this congress. (NHAN DAN 28 Jun 91 p 3)

Chu Tu Di [CHU TUWJ ZI], *Major General

*Office chief of the Political General Department; on 22-29 August he worked with a Lao delegation which was visiting Vietnam. (NHAN DAN 30 Aug 91 p 4)

Nguyen Huu Dung [NGUYEENX HUWUX ZUWNGJ]

*SRV ambassador to Libya; on 26 August he was present at a reception given by Colonel al-Qadhdhafi in Benghazi. (Ho Chi Minh City SAIGON GIAI PHONG 28 Aug 91 p 1)

Phan Van Khai [PHAN VAWN KHAIR]

*Vice chairman of the Council of Ministers; on 10 August he was elected to this position by the National Assembly. (NHAN DAN 12 Aug 91 p 1)

Doan Khue [DOANF KHUEE]

*Minister of defense; on 10 August he was elected to this position by the National Assembly. (NHAN DAN 12 Aug 91 p 1)

Bui Thien Ngo [BUIF THIEENJ NGOOJ]

*Minister of interior; on 10 August he was elected to this position by the National Assembly. (NHAN DAN 12 Aug 91 p 1)

Bui Thien Ngo [BUIF THIEENJ NGOOJ]

Member of the CPV Politburo; *minister of interior; on 24-29 August he held talks with Interpol President Ivan Barbot who was visiting Vietnam. (NHAN DAN 2 Sep 91 p 4)

Le Kha Phieu [LEE KHAR PHIEEU], Lieutenant General

*Member of the CPV Central Committee; deputy director of the Political General Department; recently he welcomed a Lao delegation which was visiting Vietnam. (NHAN DAN 30 Aug 91 p 4)

Do Phuong [DOOX PHUWOWNGJ]

*Member of the CPV Central Committee; *Director general of the Vietnam News Agency; on 10 September he was at a reception held in Ho Chi Minh City to welcome the president of Malaysia's news agency Bernama. (Ho Chi Minh City SAIGON GIAI PHONG 11 Sep 91 p 1)

Do Quoc Sam [DOOX QUOOC SAM]

*Chairman of the State Planning Commission; on 10 August he was elected to this position by the National Assembly. (NHAN DAN 12 Aug 91 p 1)

**Nguyen Van Thai [NGUYEENX VAWN THAIS],
Major General**

*Director of the Propaganda and Training Department, Political General Department; recently he gave a speech to a Lao delegation which was visiting Vietnam. (NHAN DAN 30 Aug 91 p 4)

Bui Ngoc Thanh [BUIF NGOCJ THANH]

*Vice minister of labor, war invalids and social welfare; on 13-20 August he welcomed a German delegation which was visiting Vietnam. (NHAN DAN 26 Aug 91 p 4)

Le Van Thoi [LEE VAWN THOOI]

*Vice chairman of the People's Committee, Dong Thap Province; recently he talked about recent floods in his province. (Ho Chi Minh City TUOI TRE 17 Aug 91 p 1)

Le Van Triet [LEE VAWN TRIETS]

*Minister of trade and tourism; he was interviewed by the cited source after being appointed to the above

position by the National Assembly. (Ho Chi Minh City TUOI TRE CHU NHAT 2 Sep 91 p 7)

**Bui Thanh Van [BUIF THANH VAAN], Lieutenant
General**

*Commander of the 7th MR; on 17 August he welcomed a Thai delegation which was visiting Vietnam. (Ho Chi Minh City SAIGON GIAI PHONG 18 Aug 91 p 1)

**Thep Moi [THEPS MOWIS] aka Anh Hong or Ha
Van Loc, deceased**

Former associate editor in chief and commentator of NHAN DAN newspaper; former member of the Executive Committee of the Vietnam Journalists Association and the Vietnam Writers Association; born on 15 February 1925 in Nam Dinh City, he died suddenly at his home on 28 August. (NHAN DAN 30 Aug 91 p 1)

Vu Tuat Viet [VUX TUAATS VIEETJ]

*Editor in chief of SAIGON GIAI PHONG newspaper; on 10 September he was at a reception held in Ho Chi Minh City to welcome the president of Malaysia's news agency Bernama. (Ho Chi Minh City SAIGON GIAI PHONG 11 Sep 91 p 1)

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